THE INTERCOM

Newsletter of the California Retired County Employees Association (CRCEA)

April 2016

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PRESIDENT'S MESSAGE

Another year has come and gone. A new year arrived with new thoughts, hopes, and goals. Our loved ones were remembered on Valentine's Day, we honored our country's past president, and we have celebrated Easter. Boy, time flies.

Wow, the roller coaster of so called pension reform continues with all the hill climbs and the big drops. As we all were getting on track to deal with the attacks of Mr. Reed and Mr. DeMaio, they decided to pull their initiative. So, we are back at the loading station waiting for the next train. While all the information shows that the initiative would have had an uphill battle, and the funding for moving it through the ballot process wasn't there, it hasn't stopped them from continuing on. They now plan to run the initiative in 2018, and they continue to write articles and make appearances touting their "fix" to the pension systems and their costs.

CRCEA's Retirement Security Committee continues to work tirelessly with those in Sacramento on the impact and ramifications of all of this. While Mike DeBord, from Sacramento County, has taken advantage of this down time, he continues his tasks of getting information and documents for us to understand what is happening, and the "what's next" situation.

I recently made a trip to the high desert to meet with the San Bernardino County retirees. It was the first time RESBC has met in that location. They had the local leadership explain their association's purpose, and had a representative from the San Bernardino Retirement system explain SBCERA. I spoke on what CRCEA is and its interaction with SBCERA. I also briefed them on several statewide issues, and had an opportunity to speak with many of them individually. I found it a worthwhile opportunity for explaining CRCEA and what we do, since many of them had no idea.

Okay, here I go again. 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. Since our last conference, we have picked up a new affiliate, and you will see an "introduction" to that firm elsewhere in this newsletter. We are also working on yet another that may provide assistance and a benefit to the local associations. If anyone has any idea, or potential affiliate, that would be of benefit to CRCEA and its members, give Bill de la Garza, or any Executive Committee member, the information and we will follow up.

I cannot let this message go without a reminder that the Spring Conference is right around the corner. Kern County has been working to

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put the program together with some assistance from our Vice President, Mike Sloan. Of course, in the fall we will head up to Contra Costa County, so Mike will be working with his members to get everything done for their conference.

The past few months are traditionally the highest retirement months in our counties. If any of you know any retirees who are retiring, and are not signed up to be members of your local retiree association, talk with them and encourage them to join. Only through numbers do we have strength, and only through our strength can we obtain success, and we need to remind them that CRCEA is the only organization looking out for the retirees of the '37 Act counties on the state level.

Let me close with a wish for each of you for good times and good health as we continue this year. Yes, we have issues to deal with, but with our combined efforts, we can overcome the obstacles.

Until next time………

SKIP MURPHY, President

Although the Reed/DeMaio initiative will not be pursued at this time, the following article contains good thoughts.

PENSION FACTS RESISTING THE "I'VE GOT MINE" MENTALITY

by Chris Heiserman RESDC

Don't worry. Be happy, retirees.

Those scurrilous public pension reformers who want to reduce workers' retirement benefits via statewide voter initiative say they aren't targeting retiree pensions. The leaders of the assault on California public pension, former San Jose Mayor Chuck Reed and former San Diego Councilman Carl DeMaio, also claim their most recent proposals won't affect existing benefits for current public workers, only new hires beginning in 2019.

Not exactly accurate since the principal premise of their "Voter Empowerment" initiative is to require voters to weigh in on any future benefit enhancement in California's hundreds of cities, counties, school, fire, and other special districts. Their objective is to replace public sector defined benefit pensions like ours with 401(k)-type savings accounts prevalent in the private sector. They plan to start by prohibiting future public employees from joining retirement systems that provide a guaranteed income stream based on salary and years of service, this would effectively close pension systems like the San Diego County Employees Retirement Association (SDCERA) to new members and significantly alter financial projections designed to cover benefits earned by current and retired employees.

So maybe it's a bit shortsighted to assume we have our guaranteed pension for life and we can shrug off all this noise because it's only about curtailing benefits for existing and future public servants. Why should we care? Here are a few observations to consider.

Frankly, we are fortunate to be retired in a defined benefit system that is well managed and seemingly capable of delivering all the benefits promised. Constitutional protections for our benefits are well established in California law, so we really have little reason to worry in the foreseeable future. Still, make no mistake about pension reform fanatics wishing us well; they begrudge us our retirement benefits and are only leaving us alone now because it is easier to start

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their crusade by erasing pensions for future workers.

We are all taxpayers as well as consumers of government services. I would bet most of us were proud of our work and considered our efforts on behalf of the public more of a "calling" than just a job. I would like to think that a young county librarian doing "story time" with my grandchild will continue to be a happy and dedicated county employee and not become preoccupied with looking for another position with secure retirement benefits.

There is a well-documented savings "crisis" in America; most workers are not saving enough to provide anything close to a comfortable quality of life for themselves and their families when they stop bringing home a paycheck. The common denominators in these worrisome scenarios for private sector workers are forced reliance on inadequate 401(k) accounts for retirement or having no access to any savings plan at all in their work place.

If public pension critics are successful, retirees from government service will face the same predicament – not enough savings to maintain a decent quality of life, and heavy reliance on whatever Social Security benefits they may be eligible for. Families with minimal resources in retirement can become an economic burden on society. In that case, as public assistance rolls grow, we take a hit both as taxpayers and citizens, seeing more tax dollars going to help those less fortunate and fewer revenues available for basic services like parks, libraries, and public safety.

We should continue enjoying the retirement we earned and helped pay for. However, if we smugly sit back and stay on the sideline in the ongoing pension reform battle, we make it easier for the public pension bashers to chip away at the benefits of current workers and bully the new generation of public servants.

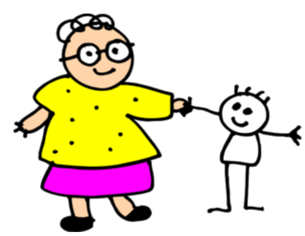
Don't worry. Stay happy. But be informed.

Legislative Update

CRCEA submitted a proposal to allow for more involvement for the designated Retiree Alternate on retirement boards in the absence of specified other members of the boards. This proposal was included in AB 2376. SACRS has agreed to lend its support to the proposal.

Good Things Mothers Teach Their Children

- Finish what you start.
- It's nice to be important, but it's more important to be nice.
- Study hard; learn a lot.
- Never go anywhere without a good book.
- It's never too late to start over. If you weren't happy with yesterday, try something different today.
- Respect yourself.
- Don't drive there when you can walk there.
- Happiness and success are two different things.
- Regret hurts far more than fear.
- Save before you spend.



"Never doubt that a small group of thoughtful, concerned citizens can change the world. Indeed it is the only thing that ever has."
~~Margaret Mead

CRCEA 2016 SPRING CONFERENCE

Hello, Officers, Delegates, Alternate Delegates, Members, and Guests. I am anxiously awaiting your arrival in downtown Bakersfield. April will soon be upon us and Kern County retirees are working diligently to have a great conference for you to attend.

I want to take this time to reiterate the fact there will NOT be an Executive Meeting on Monday, April 11, 2016 this year. CRCEA is trying something different. We will be having a Special Roundtable Session on How Associations and Retirement Offices work together. This was a topic that had been mentioned by several association presidents/delegates who had questions of others. What a perfect time to bring it up, and we will see how it works to present it in place of an Executive Committee Meeting which is often short. Reports are all going to be given on Wednesday at the Business Meeting.

Again, if you haven't sent in your registration form, please do so prior to March 31, 2016. The hotel had a deadline of March 11, 2016, but if for some reason you didn't make your hotel reservation, please contact me at gmello@bak.rr.com, or 661-205-8336. As the hotel cut off for rooms was March 11, I can't guarantee a room after that date, but will do everything in my power to help secure you a room.

Ginger Mello
Chair
REOKC

A SMILE
(author unknown)

A smile costs nothing, but it gives so much. It enriches those who receive, without making poorer those who give. It takes but a moment, but memory of it sometimes lasts forever. None is so rich or mighty that he can get along without it. And, none is so poor that he can be made rich by it.

A smile creates happiness in the home, fosters goodwill in business, and it is the countersign of friendship. It brings rest to the weary, cheer to the discouraged, sunshine to the sad, and is nature's best antidote for trouble. Yet, it cannot be bought, begged, borrowed, or stolen. For it is something of no value to anyone until it is given away.

Some people are too tired to give you a smile. Give them one of yours, as none needs a smile so much as he who has no more to give.

CRCEA Executive Committee

Bill de la Garza, Skip Murphy, Virginia Adams, Mike Sloan, Carlos Gonzalez

LONG-TERM CARE INSURANCE: LESS BANG, MORE BUCK
by Barbara Feder Ostrov
Kaiser Health News
March 17, 2016

Mary Julia Klimenko thought she was prudent 20 years ago when she invested in a long-term care insurance policy, one she believed would help pay for the care she'd need as she aged.

Now she wishes she'd banked the money instead.

Her monthly premiums have nearly quadrupled over the past two years, and Klimenko, now 69, is furious about the choices she's been given: pay the higher cost, lower her premiums by cutting her policy's benefits or drop the insurance altogether.

For now, the Vallejo, California therapist said she will pay the higher premiums, but she's not sure how many more price hikes she can take.

"I have no choice. If I drop my insurance, I've thrown away all that money," Klimenko said. "If I pay less, they're not going to cover what I need."

This story also ran on Money. It may be republished for free (details) and may be found at: moneylogo_125).

Long-term care insurance was supposed to help the middle class ease the financial burden of expensive in-home or nursing home care that now can top $90,000 a year.

Consumers were urged to buy policies in their 50s, because premiums rose the longer they waited. About 4.8 million people were covered by long-term care policies in 2014.

But insurers botched just about every aspect of the policies they sold in the early days of the industry, said Joseph Belth, a retired professor of insurance at Indiana University known as one of the insurance industry's toughest critics. They underestimated how long people would live and how long they'd need nursing home care — but overestimated how many people would drop their policies and how much interest insurers could earn on the premiums they banked.

Hemorrhaging money, many insurers left the business. Those that remain are in financial trouble on their long-term care policies. They're charging far more for new policies, and sharply raising the premiums of old ones.

"The industry is a state of severe decline," Belth said. "Companies … don't see a way to successfully market the product and make money on it."

As a result, many seniors nationwide face the same unpleasant choices as Klimenko: paying rising costs, scaling back coverage or dropping it altogether.

New Yorkers who bought long-term care insurance from Genworth Financial Inc., one of the few remaining carriers, were hit with a 60 percent premium increase in October. The same company has asked Pennsylvania state regulators for permission to raise premiums by as much as 130 percent for some policyholders.

In California, an estimated 133,000 residents who bought long-term care policies from CalPERS, the state workers' retirement plan; have seen their premiums rise by 85 percent over two years. A 2013 lawsuit retirees filed against CalPERS was granted class-action status in February.

Rising costs could be prompting many seniors to drop their policies, according to a study from Boston College's Center for Retire-

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ment Research. Published in October, it found that about a third of people with long-term care insurance at age 65 let their policies lapse, often just a short time before needing care. While some seniors had memory problems that kept them from paying their premiums, others dropped their policies because they believed they could no longer afford them, the researchers found.

A Growing Burden

Most Americans don't realize that Medicare won't pay for long-term nursing home or home care.

Rather, it typically pays only for short stays in a skilled nursing or rehabilitation facility to recover after a hospitalization. In contrast, long-term care insurance will pay for what's known as "custodial care" — help with eating, dressing, walking, bathing and other daily activities, either at home, at a skilled nursing facility or assisted living facility.

Medicaid, the nation's health program for the poor and disabled, will pay for long-term care — but it requires seniors to spend nearly all their assets beforehand. These days, nearly half of all long-term care in the United States is paid for by Medicaid — a huge burden that is only going to grow as millions of baby boomers reach their 80s.

Policymakers and aging experts had long hoped that long-term care insurance might ease that burden. About 70 percent of Americans who reach age 65 will likely need some type of long term care before they die, according to federal estimates.

But premiums for new long-term care insurance policies have risen so high they're out of reach for the middle class, said Bonnie Burns, a policy specialist with consumer group California Health Advocates and a nationally-recognized expert on Medicare and long-term care insurance. Yearly premiums for insurance with inflation protection can be as high as $4,406 for a 55-year-old woman and $2,309 for a man of the same age, according to the American Association for Long-Term Care Insurance, which represents insurance brokers. Women's premiums are higher because they live longer and are more likely to require long-term care.

California is one of many states that created public-private partnerships in the 1990s to encourage more people to buy long-term care insurance and reduce state tax burdens. The partnerships set standards for the policies and helped market them to consumers. But in California, partnership policy sales have dropped to between 500 to 800 policies per quarter because of price hikes. That's compared to tens of thousands of policies per quarter when the partnership started, said Rebecca Schupp, director of the California Department of Health Care Services' Long-Term Care Division.

Burns said that as interest rates go up, companies will have actually overpriced new policies to avoid future losses like the ones they sustained on previous policies.

"This is really a vexing issue for the country," she said.

How We Got Here

When the first long-term care policies came on the market in the mid-1970s, insurers based their projections for premium costs and payouts on life insurance data. They told consumers that premiums would rise minimally, if at all, over the life of their policy.

But people lived longer and health care costs grew faster than the insurers ever

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expected. Seniors who bought low-priced policies in the 1980s and 1990s lived for years with chronic and expensive-to-manage conditions like Alzheimer's disease or Parkinson's disease. Worst of all, low interest rates meant that insurers earned very little on the premiums they collected — money they'd need to pay future claims.

Even Genworth's CEO, Tom McInerney, calls this state of affairs "a ridiculous business model."

Genworth has lost $2 billion on its long-term care policies overall and continues to lose between $100 and $150 million each year, he said in an interview.

About 85 percent of the company's long-term care policyholders who've received premium hikes have decided to pay them, while another 9 percent chose to cut their benefits to keep their premiums the same. About 6 percent opted to drop their policies, although Genworth will pay claims up to the amount of premiums already paid, so consumers won't lose everything they've paid, McInerney said.

Fewer people today are buying a traditional long-term care insurance policy, which only adds to insurers' financial woes. Some are considering newer "hybrid" products such as life insurance or annuities that provide a long-term care benefit, but they're also expensive and some require a large up-front payment.

That's why pressure is mounting for state and federal lawmakers to come up with ways to finance long-term care for millions of aging baby boomers. Policy proposals abound, such as requiring people to buy subsidized long-term care insurance, much as they now need to buy health insurance. Other ideas include creating a government-run catastrophic plan or allowing people to convert their life insurance policies to long-term care policies. But all of these would require legislative action, and lawmakers at the state and federal level have been slow to act because of the sheer scope of financing Americans' long-term care.

In the meantime, McInerney and other long-term care insurance leaders are trying to change the way consumers see their private sector product: as catastrophic insurance with more limited benefits and consistently rising premiums, rather than as a way to pay for all of their long-term care.

It's a hard sell

"No one likes premium increases, but they do understand, in the end, why they're needed," McInerney said. "We certainly can't lose billions of dollars and have consumers expect us to pay claims."

But Klimenko, who is struggling to pay the higher premiums for her own long-term care policy (which is not a Genworth product), expected exactly that. It's what she paid for, for 20 years.

"The insurance salesman who came to my home told me that if I took out the policy, that when I was old and got sick, I'd be taken care of," Klimenko said. "Now that I've lived so long, none of that is true."

CRCEA'S NEWEST AFFILIATE
by Mike Sloan
Vice President, CRCEA

Hopefully everyone reading this article is aware of what a CRCEA Affiliate is, but if not, here is a short explanation. An Affiliate is a person, business, or organization that supports CRCEA through annual dues, and by making presentations at

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our bi-annual Board of Director conferences in support of our Association. In return for this support, CRCEA allows Affiliates to promote their business, or products, in a manner that is not intrusive upon our membership.

The CRCEA Executive Committee is continually searching for new Affiliate members through the direction of our Affiliate Committee Chair, Bill De La Garza, and we have recently added a new Affiliate. This company's name is CruCon Cruise Outlet, Inc., and they are a full service cruise travel agency. CruCon specializes in cruise vacations and has been in business more than 20 years. Their headquarters are located New Hampshire, so any interaction with them is done via telephone or email.

Additionally, they recently started working with a few land tour providers that offer tours worldwide. While many people still prefer to have a person sitting across a desk from them when they are discussing their travel plans

I have found CruCon's business model will net you the largest economical savings possible. They have a reservation center with more than 40 different agents available to help you with your cruise planning Monday through Friday, 8 am – 8 pm EST.

Their award winning customer service department will help you alter your reservations up until the day you sail. They also offer airfare and hotel "add on" packages depending on the cruise line you book. If you have any questions, you may call a cruise specialist at:
800-493-6609 for details.

If you are planning a cruise in the future, I highly recommend that you give CruCon an opportunity to show you how their pricing and service can make cruise planning easy and economical. Take a look at their website, http://www.crucon.com, and you will see an extremely comprehensive selection of cruises and prices.

Should you wish to discuss my personal cruising experiences using CruCon, please don't hesitate to contact me at:
mesloan1@aol.com.

"Remember the two benefits of failure. First, if you do fail, you learn what doesn't work; and second, the failure gives you the opportunity to try a new approach."

~~Roger Van Oech

CRCEA Conferences

Spring 2016
Kern (REOKC)

Fall 2016
Contra Costa (CCCREA)

Spring 2017
Ventura (REAVC)

Fall 2017
Alameda (REAC)

Spring 2017
Santa Barbara (RESBC)

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)

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

MEMBERSHIP RECRUITMENT
by John Iagjian
Membership Chair and Board Member
Retired Employee Association of Orange County (REAOC)

This article will briefly describe REAOC's approach to maintaining and growing our membership. First and foremost, REAOC is an active participant in the Orange County Employees Retirement System (OCERS) bi-weekly Pre-Retirement Seminars. REAOC enjoys a cooperative, friendly and professional relationship with the OCERS organization. OCERS invitation to present at these meetings is extremely important and essential in introducing future retirees to our Association. REAOC's presentation provides valuable and helpful information which can assist in the transition of active employees to retirement status. This practice and effort on the part of OCERS is a way to introduce prospective retirees to all the services and programs available to future retirees.

OCERS Seminars include presentations by the Social Security Administration, REAOC, OCERS, the County's Deferred Compensation Plan and information regarding the County's Retiree Medical Plan. Seminars begin at 8 am and end at 3 pm. Generally speaking 25 to 40 pre-retiree, active employees attend these meetings.

As Membership Chair, my presentation emphasizes that REAOC is the one organization that provides a voice for County retirees when it comes to addressing issues affecting their retirement years and protecting earned benefits. I explain the benefits of membership such as holding five luncheons during the year for members to enjoy delicious meals, meet with old friends/ colleagues and to make new friends. These are business luncheons, where matters pertaining to retirees are agendized and discussed. Speakers are often recruited to present relevant topics and cover issues such as health coverage, health maintenance, health optimization and general economic and financial matters. Drawings are held for gift cards to local stores to lighten things up. Lunches are often capped by presenting individual singers and/or instrumentalists or groups to entertain attendees. We usually draw between 180 and 300 members to the luncheons. In addition, five newsletters are sent out each year to keep retiree members updated and informed.

During the Pre-Retirement Seminars I discuss availability of dental and eye care insurance through a non-county provider, in case these types of insurance are not available through County provided health plans. Other types of insurance are also available through this provider, such as travel insurance, pet insurance and others. The bi-weekly presentations are interactive, and prospective retirees are encouraged to ask questions regarding the role of REAOC, successes we have had, and other pending matters that are being pursued by REAOC or that otherwise may impact retirees.

Three years ago we introduced an Associate Member program, where active employees interested in learning more about retirement topics can join REAOC as Associate Members. They can attend luncheons, receive the REAOC newsletters as well as be informed about retirement matters through the REAOC website; all this to better inform active employees regarding retirement issues and to assist them in making more informed retirement decisions.

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Our retiree numbers fluctuate monthly; however, our current membership is over 5,700 strong. During my presentations, I remind those present that the greater our numbers, the stronger and more viable our organization becomes.

I have been the Membership Chair since 2007 and it's been an exciting and exhilarating run. I think REAOC does an exceptional job in representing and caring for our members and I do not hesitate in mentioning that during my presentations. I also mention that OCERS has and continues to do an exceptional and professional job in caring for and growing our retirement portfolio for current and future retirees. In addition to Pre-Retirement Seminars, luncheons, newsletters, website updates and non-county insurance offerings, REAOC participates with County and Labor staff to provide participation in Health Fairs, Wellness Programs and Retiree Medical Plan seminars thereby providing more visibility to our Association and more information and assistance to pre and post retirees.

If there are any questions regarding REAOC, or details that I neglected to mention due to space considerations, please do not hesitate to contact me by e-mail at avarayr@cox.net, and I'll try to fill in the gaps as best I can. Thank you for the opportunity to discuss and share REAOC's membership recruitment methodology.

THE THREE DOLLS
(author unknown)

A sage presented a prince with a set of three small dolls. The prince was not amused. "Am I a girl that you give me dolls?", he asked.

"This is a gift for a future king," said the sage. "If you look carefully, you'll see a hole in the ear of each doll." The sage handed him a piece of string. "Pass it through each doll", he said.

Intrigued, the prince picked up the first doll and put the string into the ear. It came out from the other ear. "This is one type of person," said the sage, "whatever you tell him, comes out from the other ear. He doesn't retain anything."

The prince put the string into the second doll. It came out from the mouth. "This is the second type of person," said the sage, "whatever you tell him, he tells everybody else."

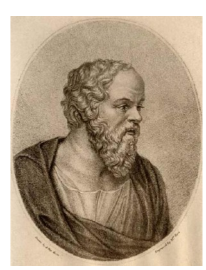
The prince picked up the third doll and repeated the process. The string did not come out. "This is the third type of person," said the sage, "whatever you tell him is locked up within him. It never comes out."

"What is the best type of person?" asked the prince. The sage handed him a fourth doll, in answer. When the prince put the string into the doll, it came out from the other ear. "Do it again", said the sage.

The prince repeated the process. This time the string came out from the mouth. When he put the string in a third time, it did not come out at all.

"This is the best type of person," said the sage. "To be trustworthy, a person must know when not to listen, when to speak out, and when to remain silent."

"The secret to change is to focus all of your energy, not on fighting the old, but on building the new."
~~Socrates



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(continued)

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