THE INTERCOM

Newsletter of the California Retired County Employees Association (CRCEA)

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www.crcea.org

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PRESIDENT'S MESSAGE

It's summer already. Schools are out and the travel season begins for families with school aged children. But what does it mean for us retirees. Probably the same thing for many of us. The grandkids (or maybe great-grandkids) are available to go visit, or maybe even have them come visit you. Summer can be a time of reunions that are sometimes only visits on the telephone, or via a video chat on computers and smart phones. My personal advice – enjoy it while you can. Before you know it they are grown and then move on to their own time; college, career or their own family.

So what does the summer season mean to our local associations? It's probably one of two things. Things slow down because of a lot of reasons, it's catch up time for all the projects that have been set on the back burner, or new challenges pop up that haven't been addressed before.

Well, as we enter this summer season, it seems that the second and third reasons are at hand. The continuing rhetoric attacking our pensions and/or other benefits continued to make news up and down the state.

In Marin County, the anti-pension folks keep sending out opinion letters that are printed in the local newspaper attacking things as small as the award of cost-of-living adjustments (which are written in the '37 Act and already paid for with the ongoing contributions of both the employer and the employee from the time they were provided for by the county), to questioning Grand Jury Reports challenging just about everything.

The hot button is the very recent submittal of the pension reform petition ("Voter Empowerment Act of 2016") that is now with the state Attorney General for its Title and Summary. Yes, this is the number two that I mentioned earlier since we all knew it was coming, but put on the back burner until we had an opportunity to see what it was all about. But, it is also number three that I mentioned.

There are so many different attacks to the defined benefit program from so many different angles that it has to question whether the single issue requirement is really met. They say it is one issue – pension reform. But, as I look at it, it starts out, in its title, as an issue to empower voters to do something (in this case vote on pension issues). But, it then moves to an issue of constraining duly elected officials from conducting the business of that city, or county, (as guaranteed under the Constitution). Then it moves into issues that impact collective bargaining for active employees (required under yet another requirement of the law).

The initiative language starts out with a bunch of – how should I put this correctly – untruths. Okay, it's B-S. But then we step into the issues

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of the so-called pension reform. Actually, if after you fully read it, it is pension elimination. It totally eliminates the authority of local government employers (cities and counties) to set compensation or retirement benefits for employees; prohibits new employees from joining an existing defined benefit plan and sets the limits that the employer may provide thereby forcing the costs on the employee. All of these things, and many others, would be governed by only by a vote of voters in that jurisdiction. An interesting side piece is that all the restrictions don't just apply to the defined benefit pension plan, but also apply to defined contribution plans, retiree health care, etc.

The final insult is that if the State of California or any government entity or official seeks a challenge, ANYONE can intervene to protect this measure with all fees and costs paid by the Attorney General.

They have tried to make this initiative "bullet proof".

It is imperative that all the current employees of government agencies and their respective representative organizations be prepared to mobilize against this attack.

CRCEA's Retirement Security Committee is on top of all of this and is working to come up with a bona-fide plan to combat this initiative. You can anticipate a well thought out, well researched analysis by the committee that can be used by just about anyone as this process moves forward. Along these lines, CRCEA continues to be active in San Diego County in a small group of other retiree groups searching for common ground that ALL retirees might stand on to resist any adverse actions against our retirement benefits. Meeting together we have shared thoughts, ideas and issues.

So much for the rant.

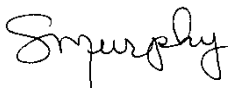
Our last gathering was in San Bernardino in April. Another great conference with good topics, good speakers, and good and timely information. The conference committee from San Bernardino did an awesome job. They planned early, adjusted as necessary, and delivered a nearly flawless conference. They deserve all the praise that they have gotten. Those of you who have conferences in the near future should look to the last several conferences for some ideas and pick the brains of those who made it happen. I know they will share the "good, bad, and ugly" of what they went through.

We will come together again in October in San Joaquin County. I know they have been planning for a while. I have no doubt it will be worthwhile to attend.

Okay, I'm going to bring it up again. CRCEA continues to reach out for Affiliates. Those are businesses that provide services to retirees and who we can approach to be affiliates of CRCEA. If anyone has a suggestion, or recommendation, please contact Bill de la Garza, or any member of the Executive Committee, and we will do the work.

CRCEA is the only organization looking out for the retirees of '37 Act counties on the state level. February and March are generally high 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.

Until next time…..



Skip Murphy, President

A TOUGH GOODBYE!
by Skip Murphy

For those of you who haven't heard the rumor, I am forced to say that it is true. Dorothy Lueking has decided that it is time for her to step aside as the Secretary for CRCEA.

I know it is hard to believe. Dorothy has been doing the task (yes, sometimes it is a task) for as long as I have been around CRCEA. When I talk with others who have been there a lot longer than I have, Dorothy seems to have been around since they were there. That's a commitment to the organization.

Dorothy is open and honest with everyone. If you ask her opinion, you will get it. If you don't want to hear something that might be contrary to what you want, don't ask her. But, that's one of the main reasons I loved having her around and would always ask her opinion even when I thought I was right. By the way, I was NOT always right.

Dorothy is a human filing cabinet. She can tell you the history of CRCEA issues going back to... She was, and will continue to be, my go-to person for history.

But, the time has come for her and Ted to start spending some personal time with each other, centered on themselves and their family. To say she will be missed is a major understatement. She has been the cornerstone of this Executive Committee for a long time, and while she may leave a hole in the construction, we cannot deny that she has earned her retirement from this retiree association. She has also earned the admiration and love of so many people – including me.

Dorothy Lueking

On behalf of the Executive Committee, and the entire CRCEA membership, we wish her all the best!

Final note – I still have her telephone number and e-mail address…

THANKS FOR THE MEMORIES

Saying good-bye to the CRCEA Secretary job is something I've tried to do before and always came back – so it may be hard for everyone to believe it (including me) that I'm going to re-re-retire again! This time it's a little different, the spirit it willing, but the flesh is weak and diabetes, hearing loss and Father Time have ganged up on me and made me realize it's time to truly turn the Secretary chair over to others.

Since the time, 29 years ago, when I first asked someone, "What is a CRCEA?", I have had a great time learning the answer to that question. So to the hundreds of people with whom I've happily worked and befriended over the years, just let me say, *"Thanks for the Memories."* I'll still be around, so don't forget to use that e-mail address, dottylu@roadrunner.com, and drop me a line now and then.

Let's keep CRCEA strong and moving forward to help ourselves and provide a firm foundation for those coming after us, as so many wonderful people have through the last almost 50 years of our CRCEA legacy.

Respectfully submitted,
Dorothy Lueking
CRCEA Secretary (Ret.)

PENSION REFORM
by Steve Scheinman
REAC Board President

Anyone who has followed local and national news for the last decade has had plenty to read and hear about "pension reform" in the public sector. There have been multitudes of articles and editorials on the subject, as well as reports on relevant legislation and public initiatives. In its truest meaning, "reform" is a positive concept: change in law or behavior that results in improvement. A perfect example is the law commonly known as PEPRA, passed by the Legislature in California and signed by the Governor in 2012, which made a number of reforms to public sector pensions. Among other provisions, PEPRA defines compensation to be counted toward pension calculation, curtails pension "spiking," makes sensible reductions in benefits for new employees, and provides for an increase to employees' share of retirement contributions.

There have been and continue to be abuses of public pension systems that require responsible reform like PEPRA. However, the term "pension reform," as it is commonly used by pension reformers and the media today, has become a code word for "pension restriction" or "pension elimination." Often, the efforts of modern day pension reformers are aimed at new hires, and leave the retirement benefits of current retirees and employees untouched. However, that is by no means always the case and that is why we, as Alameda County retirees, must be watchful and insist on responsible, positive pension reform. Beyond that, REAC has a responsibility to those who follow in our footsteps to safeguard the benefits that future retirees will earn.

There are a few features common to the proposals of so-called pension reformers in California that make them poor public policy. They are often aimed at altering provisions of the California Constitution that have been interpreted by the courts for decades to protect the pension systems under which public employees were hired. They usually attempt to replace defined *benefit* plans like Alameda County's, with defined c*ontribution* plans which operate like 401(k) or deferred compensation plans. And whether they include contributions by the government employer or not, such proposals most notably place the burden of investing retirement contributions on the employee, thereby defeating the critical benefit of large, well-diversified investment pools managed by professionals.

Furthermore, and somewhat ironically in light of the reformers' professed intent to curb spending, there are studies that have shown that creating a defined contribution plan for *new* employees, while at the same time maintaining responsibility for the older defined benefit plan for *current* employees, actually increases the immediate cost to taxpayers. And perhaps of greatest concern, defined contribution plans run a great risk of leaving retirees with insufficient income to last their lifetimes, raising the likelihood of their having to rely on public assistance, an even greater burden on taxpayers. It is also important to note that the efforts to reform pensions in California along these lines are often funded by individuals and groups outside of California whose motivations are not clear but most probably lie outside the realm of sound public policy.

You can learn more about such ill-conceived ideas by looking at the two most recent pension reform efforts in California. Former San Jose mayor, Chuck Reed, attempted to place a state-

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wide initiative on the ballot in 2014, that would have permitted public jurisdictions in California to modify the pension benefits of *current* public employees. At least twenty other California mayors opposed the initiative. Also in 2014, a group known as "The Committee for Pension Fairness" in Ventura County (which is governed by the 1937 Retirement Act like Alameda County) attempted to eliminate that county's defined benefit plan for future county hires and replace it with a defined contribution plan. Neither measure made it to the ballot because of legal technicalities not directly related to their intent. However, it should be noted that prior to those failed attempts, reformers were successful in convincing voters in the cities of San Diego and San Jose to pass ballot measures similar to the ones described. Although these laws are being challenged in the courts, they have already negatively impacted employee recruitment in both cities.

The important point here is that the proponents of such so-called reforms are not going away. They will continue their attempts to erode public pensions heretofore protected under the California Constitution. An article published by the *Contra Costa Times* on January 20, 2015, said that, "Former San Jose Mayor Chuck Reed said he and others are working to place a public-pension reform measure before voters in November 2016 . . ." So what can you do right now to protect your own pension and guard the pensions of current and future public employees from poorly structured, wholesale attacks? Right now the best thing you can do is to stay alert and prevent them from ever reaching the ballot by encouraging everyone with whom you discuss the subject to avoid signing petitions that attempt to place ill-conceived measures before the voters, and by not signing such petitions yourself. Equally important, of course, is making sure you cast your vote against irresponsible measures that do make it to the ballot. REAC will always apprise you of relevant ballot measures in upcoming elections.

It is very important to acknowledge that beyond defending the legitimate benefits of public pension systems against irresponsible attempts to gut them, we must act affirmatively to reform those aspects of public pension policy that are inequitable to retirees, place an unfair burden on taxpayers and lead to over-reactive opposition. Ideally, REAC and the statewide associations that represent retirees will become much more active in this regard. And one final note: the issue of pension reform is not confined to the public sector. Over the last several decades many private sector employees have had their pensions reduced substantially and others have lost their pensions altogether. We as current and former public employees are part of a much larger universe of people who are either retired or will someday retire. We are in this boat together and it behooves us all to resist poorly constructed pension reforms and advocate on behalf of reforms that make good sense.

"Nobody grows old merely by living a number of years. We grow old by deserting our ideals. Years may wrinkle the skin, but to give up enthusiasm, wrinkles the soul."

~~Samuel Ullman

CRCEA'S RETIREMENT SECURITY COMMITTEE GETS INVOLVED IN PENSION INITIATIVE!
by Mike DeBord, Co-Chair CRCEA Retirement Security Committee

On June 5, 2015, a group of proponents submitted to the Attorney General's Office the full text of a statewide initiative to amend the State Constitution. It would severely impact "defined benefit" retirement plans for more than 4,780 State and local government entities including all cities, counties, city and counties, school districts, special districts, boards, commissions, the Regents of the University of California, California State University, and agencies thereof. The current initiative submittal must go through several steps prior to circulating a petition to collect signatures to qualify for the November 2016 ballot, including an initial 30 day "public review" period. After this review, the proponents may alter their initiative language according to suggestions and discussions. Once proponents have submitted all the required materials, then the Attorney General's office has 15 days to write the circulating title and summary (limited to 100 words) so the proponents can gather signatures through a petition.

CRCEA's Retirement Security Committee immediately began analyzing the proposed initiative and prepared several critiques. We contacted the Initiative Coordinator of the Attorney General's Office to determine how our analysis might be of assistance in their preparation of a title and summary of the initiative. As a result, we have now submitted two versions of a draft title and summary, along with our critique, for their consideration and we hope to also meet with their representatives to further discuss our concerns, of which there are many. This measure, if approved, could permanently destroy retirement security for our future public employees.

The current initiative, as written, would remove authority from governing boards of California State and local agencies to continue their current retirement plans for new employees hired after December 31, 2018. Without new specific voter approvals, it would prohibit all new State and local employees from enrolling in a defined benefit plan, effectively closing these plans to new employees. Voter approval would also be required for other actions such as pension enhancement for any employee, or the employer paying more than 50% of the total retirement benefit costs.

These new election requirements would apply to all public agencies. A quick check with just one agency, Sacramento County, found that their cost to put a measure on the ballot would be $400,000-$600,000 for a primary or general election, or $2 million if it was a special election. The cost for public agencies across the State to put similar measures on their ballot for each respective jurisdiction is a huge taxpayer burden and needs to be estimated (along with the costs of closing defined benefit systems) in the fiscal impact statement prepared jointly by the Department of Finance and the Joint Legislative Budget Committee. The Retirement Security Committee will also try and provide our input into their fiscal impact analysis.

Your Retirement Security Committee is fully engaged in this critical issue facing California! We will provide you with updates as this issue moves through the various stages of the initiative process.

"I slept and dreamt that life was joy. I awoke and saw that life was service. I acted, and behold, service was joy."
~~Rabindranath Tagore

CalPERS LONG TERM CARE LAWSUIT UPDATE from Davis Muir, Chair Long-Term Ad Hoc Comm.

The following article is reprinted from the Shernoff, Bidart, Echeverria, Bentley, LLP website:

www.calpersclassactionlawsuit.com

This law office is the firm handling the lawsuit filed against CalPERS Long Term Care Insurance program. The update below is the most recent information available for the suit. This website may be accessed periodically for all the most recent updates, and for Frequently Asked Questions (FAQ).

April 2015 Update

Discovery is continuing (and is going well). To date, CalPERS has produced approximately 20,000 pages of documents and the Towers defendants have produced about 18,000 pages. The three law firms representing the class have divided up the documents and are in the process of conducting a thorough review and analysis of these materials. Plaintiffs have also subpoenaed documents from third party witnesses we believe may have relevant information (Univita Health, United Health Actuarial Services, Inc., Long Term Care Group, Inc.). At the same time, the parties are proceeding with depositions. As noted below, a deposition is a process where the lawyers identify witnesses and ask them questions about the lawsuit and the witnesses are required to answer the questions under oath. CalPERS have deposed two of the class representatives (Wedding, Lodya) and class counsel has deposed two witnesses designated by CalPERS on a number of relevant topics. We also noticed and took the deposition of Sandra Smoley, who was appointed and served as the Secretary of the California Health and Welfare Agency between 1993 and 1999. Ms. Smoley testified about her role in making presentations to State employee groups and encouraging them to join the Long Term Care program.

As mentioned below, the next step in the litigation is our Motion for Class Certification. This motion was to be filed by May 15, 2015. However, because discovery is taking longer than expected, the parties requested and were granted an extension. Plaintiffs will now be filing their Class Certification Motion on or before September 15, 2015, and the hearing with the Court is scheduled for December 14, 2015.

Additional update from law office (dated June 2)

We are currently engaged in discovery and have received nearly 40,000 pages of documents from the defendants. We have also subpoenaed documents from third party witnesses that we believe may have relevant information including Univita Health, United Health Actuarial Services, and Long Term Care Group.

During discovery CalPERS refused to produce certain documents in response to our requests. We went through extensive meet and confer efforts to try to quickly and informally resolve the disputes and avoid motion work, which can cause litigation delays. Unfortunately, after two months of unsuccessful meet and confer efforts, we were forced to file two Motions to Compel CalPERS to produce additional documents and provide additional information to us.

On May 27, 2015, the Court granted our Motions to Compel further documents and responses from CalPERS. We expect to

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receive additional documents within the next thirty days. Because discovery is taking longer than expected, the parties requested and were granted an extension for the Class Certification Motion. Plaintiffs will now file their motion on or before September 15, 2015, and the motion will be heard on November 23, 2015. This will allow us the opportunity to receive and review the documents the Court ordered CalPERS to produce, and complete additional depositions before the Class Certification Motion.

We have updated our website with the revised hearing schedule.
www.calpersclassactionlawsuit.com

"PUBLIC PENSIONS SHOULD NOT FOLLOW PRIVATE SECTOR FAILURES!"
by Mike DeBord, Co-Chair CRCEA Retirement Security Committee

How should California's government retirement plans be funded? Most are designed to be **"fully pre-funded",** but what about **"pay-as-you-go"** or **"partially pre-funded"**? The challenges facing future retirees and the taxpayer are described in the various approaches listed below.

Social Security is largely a **"pay-as-you-go"** program where current workers pay the annual cost of retiree benefits. Any year's excess income goes into a Trust Fund. But when the cost of the monthly benefits exceeds the income from payroll taxes, the Trust Fund is drawn down to keep the checks going. Social Security reports that the Trust Fund will be fully exhausted by 2034 and without changes would only be able pay 77% of scheduled benefits. With the increase of retirees and fewer American workers in the future, this program faces real funding problems!

Private Sector workers have, over the last 30 years, been losing their defined benefit plans. Companies discontinued their pension plans and some, not all, replaced them with 401(k) plans that were never designed to be a retirement plan. This scheme is woefully underfunded and 58% of private sector workers now have no retirement savings. This **"partially pre-funded"** approach is a time bomb for future generations and will significantly increase poverty for retirees. It will have severe repercussions for state and local governments that are responsible for providing services to the elderly who won't be able to support themselves. The taxpayer impact of these short-sighted retirement changes/losses in the private sector will be huge!

Public Sector workers still have defined benefit pensions that are designed to pay lifetime retirement benefits and be **"fully pre-funded"** (about 70% from investment returns with the remainder from employer and employee contributions). After the 2007-08 financial crisis, the funding levels of defined benefit plans dropped noticeably but are now improving with the economic recovery. But outspoken pension critics jumped on the projected "unfunded liability" of public pensions saying they could total up to $2-$4 trillion nation-wide (using low return rate assumptions in their projections instead of the actual higher rates of public pension systems). They use this "unfunded liability" figure to persuade the public to vote against public pensions.

But the real question is **"What is the "equivalent unfunded liability" for the private sector?"** What would it take for the private sector to be on par with the public sector with respect to retirement assets? **That**

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shortfall is at least $29 trillion—a true U.S. crisis in the making!

So tell me again why we need to change our pre-funded public retirement systems to be more like the staggering failures in the private sector???

Questions to Consider Before Hiring a Health Aide

- How are home health aides recruited, and what are hiring requirements?
- Are criminal background checks/drug screenings done on prospective aides?
- Does the agency train caregivers? What training is provided? Are they knowledgeable about elderly health conditions and certified in CPR?
- Are aides insured and bonded through the agency?
- What is expected of the aide? Lifting and transfers? Personal care skills (bathing, dressing, toileting)?
- Is the agency diligent about sending the same caregiver to the home, rather than myriad strangers whom patients don't know or trust?
- If not satisfied with a particular caregiver, will the agency provide a different individual?
- Does the agency provide a supervisor to evaluate the quality of home care on a regular basis? How frequently?
- Does supervision occur over the telephone, through progress reports, or in person at the home of the older person?
- How is conflict handled if it occurs between client and health care provider?
- Will agency provide references? Speak with past clients about their experiences.

~~~sources online

"Half our life is spent trying to find something to do with the time we have rushed through life trying to save."

~~ Will Rogers

Upcoming CRCEA Conferences

Fall 2015
San Joaquin (RPESJC)

Spring 2016
Kern (REOKC)

Fall 2016
Contra Costa (CCCREA)

Spring 2017
Ventura (REAVC)

Fall 2017
Alameda (REAC)

Spring 2018
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)

As always, please watch this publication for more information on conferences.

We hope you'll join us!

CRCEA EXECUTIVE BOARD
Bill De La Garza, Carlos Gonzalez,
Dorothy Lueking,
E.F. "Skip" Murphy, Mike Sloan

A SELECTION OF RAFFLE PRIZES CREATED BY GWEN ORTIZ (RESBC) FOR THE CRCEA 2015 SPRING CONFERENCE

ATTENDEES ENJOY DANCING AT THE CRCEA 2015 SPRING CONFERENCE

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Communications
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Conference
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Jerry Jacobs

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Art Goulet

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Nominating
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Retirement Security
Mike DeBord and
George Shoemaker

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