



RPEA NEWS

DECEMBER 2007

Volume XI Issue VI

FROM THE PRESIDENT'S DESK

by Sam Trivette, RPEA President

RETIREE OPTIONAL LIFE INSURANCE PROGRAM

As many will recall, permanent employees who retire have the option to continue the term policy into retirement. The program is funded entirely from the premiums of the members. Because of due diligence of the former PERS/TRS Boards and RPEA in 2004, it was learned excess reserves had been grown much greater than needed to ensure proper funding of benefits. Consequently premiums were reduced by a whopping 41%.

Although the previous administration agreed to review the program in the fall of 2006, this review did not take place. After some probing by RPEA and its members since last fall, the current administration did take the time to review these issues this summer and we are now close to a final solution. We expect the premiums to be reduced again effective January 1, 2008, and with current projections, expect that these lower premiums should remain in place for about five years. Those excess premiums held in trust will be paying for a portion of the retiree premiums. Members that took this coverage should be receiving more specific information from Retirement and Benefits

OTHER RETIREE FUNDED PROGRAMS

Retirees also had the option of selecting two other programs upon retirement that are also fully funded by retiree premiums: the Dental, Audio and Visual Insurance Program [DAV] and the Long Term Care Program [LTC]. As a reminder, partially as the result of RPEA and our members' requests, the LTC program was significantly expanded and improved in the early 2000's. When that program was audited several years ago, we were told it was too new to determine if there were excess premiums.

As the result of the hard work of the

previous PERS/TRS Boards in the early 2000's, the benefits of all three components of the DAV were increased substantially for members with no increase in premiums for the first three years and only a small increase since then.

Retirees are paying 100% of the premiums for these programs. It is time once again to revisit the premium and benefits issues. Watch for further information after meetings with Retirement and Benefits and their contractors.

RPEA PLANNING MEETING

The Executive Board of RPEA conducted its annual in-person meeting in October 2007. Board members discussed goals for the next year and how to better serve and communicate with our members throughout Alaska and in the lower '48 plus foreign countries. We met with leaders of other retiree and labor organizations as well as a few Alaska politicians.

RPEA's Board believes it is critical to work with local, state and national political figures to ensure attempts to reduce retiree and other senior benefits are thwarted. For example, even though our Alaska Supreme Court has said that retiree benefits can not be reduced, based upon the Alaska Constitution, discussions have been heard from some legislators and other activists that a constitutional amendment might be introduced that would eliminate that protection. So RPEA's Board has decided to continue to have legislative interaction as a top priority for the coming year. The feedback we have received over the years from RPEA's sponsoring candidate forums, doing candidate questionnaires and distributing the results, has been extremely positive. Remember that four of the five candidates running for governor in 2006 did take the time to address RPEA's convention that spring. And we hope to use the candidate

questionnaire completed by Governor Palin to get some changes in the administration's handling of retiree matters. Our members' political activism has been very helpful for retirees in a number of ways and we hope to continue our progress.

The Board has also received positive comments on the timely e-mails RPEA has sent since we got our improved e-mail system in place. The Board supported additional funding to further upgrade the security and effectiveness of the system and we expect to make more effective use of it this coming year.

RPEA's Board also supported the efforts to expand the number of Chapters, including a recent meeting in Ketchikan and a future meeting in the Mat-Su Valley after the first of the year. Stay tuned, Valley members, to learn what benefits there are to having a local chapter in your area. We are working with our active employees and other labor leaders in this process.

The Board welcomes your comments on these or other issues throughout the year. Please let us know your thoughts.

Legislative Affairs Update

The RPEA Legislative Affairs Committee holds a teleconference on the first Tuesday of each month to discuss pending legislation of interest to RPEA members. To participate you can go to one of the APEA office conference rooms in Juneau, Anchorage, or Fairbanks, or call from inside Alaska using the APEA teleconference number: 1-888-745-1720. From outside Alaska you can call 1-907-274-1720. If you have any questions regarding the Committee's activities, please contact Kurt Fredriksson at fredriksson@gci.net



Southeast Chapter

By Gary Miller, Chapter Chair

The SE Chapter held its monthly meeting on Thursday, October 4th. We were not able to get a guest speaker.

Sam and I traveled to Ketchikan on Saturday, October 20th. Because of fog we ended up in Seattle and did not get to Ketchikan until two hours after we had scheduled the meeting. We still had 32 people come back for the meeting.

People were very concerned about the attacks against their retirement. Much of the information was new to them. On this trip we did not have time to work with the people there to start organizing a chapter.

We can use the IBEW hall in Ketchikan for an organizing meeting. We may be able to get Gavin Charrier, APEA President for the Ketchikan Gateway Borough, to assist in the formation of the chapter.

Once all the bills are in I will be about \$200 to \$300 over budget. It was 13 months between the time I requested the grant and the time of our trip. The number of retirees was 39 more than the previous state extract. Costs for just about everything, including postage, went up. I still need to do one more mailing to notify the retirees in Ketchikan about an organizing meeting. I will be asking the EB to pay the extra expense and to pay for one more mailing to the Ketchikan retirees.

Our guest speaker for December will be CBJ Assembly person Bob Doll. We will be giving him input as to what our members would like to see the CBJ Assembly do. Bob is the husband of Representative Andrea Doll and he is an RPEA member.

Member Bill Hosey has been elected vice chair of the Juneau Commission on Aging. We have a direct voice on the committee.

Monday, November 19th, we took treats in to the APEA staff to thank them for all that they do for RPEA and especially for the SE Chapter.

Jack Marshall is again doing his Santa Project. He will dress up as Santa and visit seniors at six different senior locations. Our chapter will be giving each senior a small treat for Christmas.

Northern Region Chapter

By Charlie Gallagher, Chapter Chair

Our holiday buffet with the Interior Legislative Delegation will be on December 13th at 12:30 p.m. at Denny's Restaurant. The buffet is open to RPEA members and, of course, the Legislators and their staff. In January we anticipate having a speaker to talk about adaptations and adjustments in our homes as we get older.

Our September meeting had quite a good turn out. Sam Trivette explained the activities of the Alaska Retirement Management Board and Rep. David Guttenberg discussed the politics of the Legislature from the minority viewpoint.

In November we have scheduled Sen. Gene Therriault, Senate minority leader, to speak about SB 21, Identity Theft. Good participation and attendance is so important! Please come if you possible can. Attendance supports our mission and shows that Northern Region is paying attention to those who manage our programs. It also supports RPEA's statewide mission by showing we are broad based.

Southcentral Chapter

by Bob Madigan, Chapter Chair

SC Members hear about gangs in Anchorage

Sgt. Robert Boatwright thoroughly engaged 75 members of the Southcentral chapter with a detailed report on gangs in Anchorage. He is a member of the Alaska National Guard with a specialty in combating drugs and he also works with the Anchorage Police Department on gang activity. Sgt. Boatwright estimates that there are presently about 25 gangs in Anchorage with a combined membership approaching 450. Although the situation shows signs of getting worse, Anchorage is still relatively safe from gang problems when compared to other US cities its size. He believes the Anchorage Police Department has a sound program for combating gangs but more effort is needed to turn the situation around. He identified the biggest current obstacle as the funding necessary to hire and train more police officers.

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RPEA Executive Board

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Important Phone Numbers

Premera Blue Cross:

Anchorage: 258-5065
Seattle, (877) 762-9597

Retirement & Benefits:

Juneau, 465-4460 or (800) 821-2251

Meeting Schedule

Southeast Chapter: First Thursday each month, 11:30 a.m., Zen Restaurant in the Goldbelt Hotel

Southcentral Chapter: Second Tuesday each month, 11:30 a.m., Anchorage Senior Activity Center

Northern Chapter: Third Thursday each month, 1:00 p.m., Denny's

RPEA Executive Board: Third Tuesday each month, 10:00 a.m., Anchorage APEA/AFT Field Office (via teleconference) 274-1720

Check out our website at
<http://rpea.apea-aft.org>
RPEA NEWS is published in-house.
Contact editors at RPEA Office.

December 11 meeting to feature four Anchorage-area legislators

Four well known Anchorage legislators will discuss the coming 2008 Juneau legislative session with Southcentral RPEA members at the chapter's December meeting. Sharon Cissna, Berta Gardner, Mike Hawker, and Lindsey Holmes will speak on issues including bills dealing with health and the prevention of identity theft. Half of the meeting time will be available for questions from RPEA members.

Questions? Call (907) 279-9980 or email bmadigan@acsalaska.net



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THANK YOU and Very Best Wishes

Many of you have communicated in recent years with Beverly Simmons, RPEA's Administrative Assistant. Beverly took over the job that had been filled by several people over a short period of time and she had much work to do to get the office back up to speed. She has put up with our lay Executive Board members through thick and thin. Having eleven "bosses" proved to be quite a challenge! Beverly has done our Board minutes, assembled many issues of the RPEA News, answered innumerable questions, helped members with information on issues and has served as the conduit from the members to RPEA's Executive Board - and she has done it extremely well. But now she has decided to **really** retire and do it right. WE THANK YOU, BEVERLY. RPEA wishes you the very best in real retirement.

If you called the RPEA office in the last year, you might have talked to another RPEA member, Jackie Lash. Beverly recruited Jackie sometime back to job share the Administrative Assistant position which was a suc-

cessful arrangement. However, Jackie recently suffered a serious fall on the ice and, as a result, has determined it is her time to retire, too. We thank Jackie for her service, hope for her speedy recovery, and wish her the very best in real retirement.

PERS/TRS Retirement Fund Investment Fees

One of the fundamental truths of retirement plans is that Benefits = Contributions + Earnings on Assets - the Cost of Administration.

Defined benefit contributions come from both the employee and employer. The employee contribution is set by statute and is constant, while the employer contribution varies according to the plan experience. Investment returns are largely dependent on the vicissitudes of the capital markets, but the Alaska Retirement Management Board assumes that the earnings of the fund will be 8.25% after the cost of operating the system are paid.

Over the past fifteen years, the PERS and TRS plans have earned about 9.5% return on invested funds before costs. Costs of operating the system are about .3% leaving a net return of about 9.2%. There are two major types of costs to the plans: The largest is the Treasury Division's investment management costs associated with investing billions of dollars; the



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second is plan administration that includes the services provided by the Division of Retirement and Benefits. Of particular note is that the funds' long run returns after costs have been nearly one percent greater than our actuarial assumption.

Retiree Insurance Information Booklet Revision

Retirement and Benefits has notified us that it has a contractor who will begin the process of rewriting the medical benefits information book in the near future. R&B has promised RPEA they will give us the opportunity to comment on this key document before it goes to the printer. If you know of issues with the current book that might need clarification or know of other changes you think need to be made, please let the RPEA office know. We hope to have a small group of members ready to complete the review once the draft is available. If you have expertise in this area and are willing to help us with this process, please contact the RPEA office.

**HAPPY
HOLIDAYS
TO
ALL OUR GREAT
MEMBERS**



RPEA NEWS

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ARM Board Medical Committee

by Sam Trivette

After the Alaska Retirement Management Board was established in October, 2005, it set up a Medical Cost Containment Committee to look at ways of possibly adjusting the medical benefits program. However, the committee ceased to meet when it was informed, in spite of the comments of legislators pushing SB 141, that the ARM Board had no authority over the expenditures of the plan.

Subsequently, current Commissioner of Administration Kreitzer asked the committee to serve her in an advisory position on retiree medical issues and the committee did begin meeting again in June, 2007. It is anticipated the committee will meet again later this month in conjunction with the regularly scheduled ARM Board meetings in Anchorage. The meeting will likely be on November 27th at 1:30 p.m. at the Downtown Marriott Hotel. Please check the ARM Board section of the

Department of Revenue's web site for further information. The agenda has not been finalized but the issue of colorectal screening is one of the likely topics. I have received several comments on this and would like to hear more. Please come to the meeting to voice your comments or, at least, send your comments to the RPEA office before the meeting date.

SB 183

by Sam Trivette

A bill was introduced in the Alaska Senate in May 2007 that would switch the Public Employees retirement system from the new Defined Contribution Plan back to a Defined Benefit Plan. Those of you who have followed the RPEA News recently already know financial experts have now informed the public that the costs of the Defined Benefit Plan and the Defined Contribution Plan are essentially the same.

One clause of this bill would eliminate a requirement in SB 141 that said

no ad hoc Post Retirement Pension Adjustment could be paid unless the retiree trust funds were at least 105% funded. Pension plan experts around the country have all advised against the plan ever getting over 100% funded, so that means new retirees would never get this statutory benefit.

One would have to be completely out of touch to not be aware of all the public scrutiny these past years regarding the difficulty that State and other public employers have in recruiting new employees. Hiring supervisors point to the lack of a pension, no guaranteed retiree health plan and low wages as three big factors for this difficulty.

We will provide more information on this bill as we get closer to the legislative session. Much will probably come via e-mail. Stay tuned.

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