

RPEA NEWS

OCTOBER, 2007

Volume XI Issue V

PRESIDENT'S DESK by Sam Trivette, RPEA President

RETIREE HEALTH CARE ISSUES

As I reported in the July 2007 RPEA NEWS, Commissioner of Administration, Annett Kreitzer, had asked the Alaska Retirement Management Board, (ARMB) to reconvene its Health Care Cost Containment Committee to serve in an advisory capacity to the Department of Administration on retiree health care issues. The ARMB committee did meet July 26 in Anchorage. The committee received information from Premera, from Retirement and Benefits, from the State's health care consultant, Buck Consultants, as well as from the American Cancer Society [Alaska], from unions, from RPEA, and from the Alaska Center on Public Policy. Here are some brief highlights.

The State just completed its audit of the first year of its contract with Premera as the State's health care administrator and as Retirement and Benefits Director Pat Shier said, it is not all sweetness and light. The Division is working with Premera to make improvements. Considerable discussion took place on coverage for colorectal cancer screening for retirees. Data was provided by both the Division and by the American Cancer Society. The Committee asked for updated information on this issue at its next meeting. Premera staff Dr. Dave Johnson gave a compelling presentation on the cost effectiveness and benefits of a wellness program. Buck provided information on health management in the workplace, as well as ideas on reducing costs for the retiree system through incentives and education. Disease management was also discussed. A few programs operating in Alaska and some promising programs elsewhere were discussed. Commissioner Karleen Jackson from the Alaska Department of Health and Social Services offered the services of her Department to

assist. She believes some ideas that might come from the Governor's Health Council could be helpful.

The Alaska Center for Public Policy is beginning an Alaska Health Policy Review newsletter for a subscription fee. RPEA Executive Vice President Jay Dulany suggested the committee have a less formal roundtable discussion at future meetings if it wanted to get more input and potential buy-in from retirees.

RETIREE FUNDED PROGRAMS

The State of Alaska administers three programs that are funded entirely by retiree contributions, including the costs of administering these programs. They are the Optional Life Insurance Program, the Long Term Care Program, and the Dental Audio and Visual Insurance Program. Retirees had to elect before retirement if they wished to participate in any of these programs. Since the Public Employees Retirement Board [PERS Board] and the Teachers Retirement Board [TRS Board] were abolished in 2005, attempts by RPEA to get timely and complete information on the administration of these programs have not been successful. We know in years past, with the cooperative work of the former PERS/TRS Boards, Retirement & Benefits, Aetna and RPEA, benefits were greatly enhanced and costs were greatly reduced. We hope to again achieve positive results with this new administration. This needs to be an ongoing effort. I will be appointing a group soon to begin this work. If any of you are interested in helping us with this effort, please let me know at your earliest convenience. Our voices will be heard.□

Alaska's Pension Funds Rank High

Over the past four years, under the guidance of the Alaska State Pension Investment Board and most recently the Alaska Retirement Management Board (ARMB), the investment returns of Alaska's pension funds have steadily improved. For the fiscal year ending June 30, 2007, the Public Employee (PERS) and the Teachers' (TRS) Funds earned 18.87% and 18.92% respectively on combined fund values of \$15,943,000,000. Five years earlier in 2002, the PERS and TRS reported negative returns of -5.48% and -5.49% respectively on combined fund values of \$11,165,000,000.

Investment returns are highly dependent on the environment in the financial market. 2007 was a good investment year, while 2002 was not. Over this period of time, however, the funds' investment performance improved considerably relative to other public pension funds. In 2002, the funds ranked in the 56th percentile of public pension funds. In 2007, the funds were in the 9th percentile.

The health of a pension fund is largely dependent on long-term investment returns. The PERS and TRS both operate on the assumption that the funds will earn 8.25% over the long run. Over the past fifteen and three-quarter years the PERS has earned 9.5% and the TRS has earned 9.56%.

RPEA thanks the dedicated people who are working hard to keep our pension funds healthy and growing.□



Northern Chapter Update

by Charlie Gallagher, VP NR Region

Our next lunch for the Northern Region will be at 1:00pm on October 18, Alaska Day, at Denny's Restaurant in Fairbanks. I am very pleased to announce our speaker will be Ms. Freda L. Miller, Benefits Specialist from the Division of Retirement and Benefits in Juneau. She will answer questions we have about our benefits. It would be helpful if you would submit your questions in writing prior to our meeting. Some will be the same and some may require research. You may send them by U.S. Mail to me: Charlie Gallagher, PO Box 42, Ester AK 99725 or email: cgallagher@alaska.net.

Good participation and attendance is so important! Please come if you possible can. Attendance supports our mission and shows our Northern Region is paying attention to those who manage our programs. It also supports RPEA's statewide mission by showing we are broad based.

Among the proposals passed at our August business meeting was that we join the Fairbanks Chamber of Commerce as a non-profit member and pay for two meals each quarter to participating RPEA members. The use of Denny's and our luncheon schedule was approved. Again we will budget for our very successful legislative Christmas buffet. Last year we had all but two participate. We decided to try an experiment advertising our meetings by U.S. Mail to Fairbanks members. This has been very successful in Anchorage and Juneau. Stay tuned to see how it worked out.

I am always trying to think of ways to include our outlying members. Next year I will arrange for the use of the toll free APEA conference phone line for Northern Region RPEA members from outlying areas to participate in the August business meeting. Meanwhile if any of you have ideas, please e-mail me. □

**Moved? New Phone
Number? New
E-mail Address?
Help Us Keep You Informed!
Call or Write or E-mail
RPEA with any
changes!**



Social Security Fairness Act

By Greg Wilkinson

RPEA supports repealing two Social Security Act amendments that negatively impact thousands of public employees, including many teachers and education support professionals. The Government Pension Offset (GPO) and Windfall Elimination Provision (WEP) unfairly reduce or eliminate benefits that public employees or their spouses have earned and are expecting in retirement. They impact anyone who works in a public sector job and does not pay into Social Security for that job, but anticipates the Social Security benefits from another job they or their spouse held. *(See page 4 to learn more on how these amendments may affect your retirement.)*

- These provisions impact public employees, educators, police officers, firefighters and others who have dedicated their lives to public service.
- Nine out of 10 public employees affected by the GPO lose their entire spousal benefit, even though their spouse paid Social Security taxes for many years. Some 360,000 individuals lose an average of \$3,600 a year due to the GPO — an amount that can make the difference between self-sufficiency and poverty.
- The WEP causes hard-working people to lose a significant portion of the benefits they earned themselves. The number of people impacted by these provisions across the country is growing every day as more and more people reach retirement age.
- Impacted people have less money to spend in their local economy and sometimes have to turn to expensive government programs like food stamps to make ends meet. Individuals who worked in other careers are less likely to want to become public employees if doing so will mean a loss of earned Social Security benefits. These provisions are also causing current employees to leave public service, and students to choose courses of study other than public service.

Public and Congressional support is on the rise, however. As of September 2007, 324 House members and 34

RPEA

3310 Arctic Blvd, SUITE 200
ANCHORAGE, AK 99503
274-1703 or (800) 478-9992
rpea@alaska.net

RPEA Executive Board

President: Sam Trivette
Exec. Vice-President: Jay Dulany
Treasurer: Carol Earnhart
Secretary: Vacant
VP NR Reg: Charles Gallagher
VP SC Reg: Bob Madigan
VP SE Reg: Gary Miller
Legislative Affairs Dir: Kurt Fredriksson
Medical Benefits Dir: Pat Kennedy
Membership Dir: Linda Dalton
Communications Dir: Greg Wilkinson

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.

Senate members have signed on as cosponsors of the Social Security Fairness Act (HB.82 and S.206, respectively.) Every state has at least one Representative on record as supporting the repeal bill, but only 34 senators out of 100 have signed on. RPEA encourages its members living Outside to contact those senators in their states who have not joined the cause for fairness in Social Security. On the web, go to <http://www.thomas.gov/cgi-bin/bdquery/z?d110:SN00206://bss/110search.html> and select "Cosponsors" to see which senators have joined. If yours hasn't, encourage them to support fairness for Seniors in retirement. □

RPEA NEWS

Retired Public Employees of Alaska
3310 Arctic Blvd., Suite 200
Local 4900R APEA/AFT
Anchorage, Alaska 99503

Non-profit
U.S. Postage
PAID
Anchorage, AK
Permit No. 69

Forwarding Service Requested

*Protecting & Enhancing Your
Retirement Years*

Inside This Issue:

Alaska Pension Funds Rank High — page 1
Social Security Fairness Act — page 2

Page 4

Social Security GPO/ WEP - Loss of Retirement Income

By Gary Miller

Government Pension Offset - A law that affects spouses and widows or widowers.

If you receive a pension from a federal, state or local government based on work where you did not pay Social Security taxes, your Social Security spouse's or widow's or widower's benefits may be reduced. (Visit the web site for all the details and exceptions.)

Your Social Security benefits may be reduced by two-thirds of your government pension. In other words, if you get a monthly civil service pension of \$600, two-thirds of that, or \$400, must be deducted from your Social Security benefits. For example, if you are eligible for a \$500 spouse's, widow's or widower's benefit from Social Security, you will receive \$100 per month from Social Security (\$500 - \$400 = \$100).

Why will my Social Security benefits be reduced?

Benefits we pay to wives, husbands, widows and widowers are "dependent's" benefits. These benefits were established in the 1930s to compensate spouses who stayed home to raise a family and who were financially dependent on the working spouse. But as it has become more common for both spouses in a married couple to work, each earned his or her own Social Security retirement benefit. The law has always required that a person's benefit as a spouse, widow, or widower be offset dollar for dollar by the amount of his or her own retirement benefit.

What about Medicare?

Even if you do not receive cash benefits based on your spouse's work, you still can get Medicare at age 65 on your spouse's record if you are not eligible for it on your own record.

Windfall Elimination Provision

Social Security benefit amounts are designed to give lower-paid workers a higher return than higher-paid workers receive. Social Security benefits were

intended to replace only a percentage of a worker's pre-retirement earnings.

Your Social Security retirement or disability benefits may be reduced if you worked for an employer who did not withhold Social Security taxes (but you qualify for Social Security based on other covered employment). Examples are a government agency (PERS and TRS) or an employer in another country. The pension you get based on that work may reduce your Social Security benefits **even if you paid in the same amount as others who did not work for a PERS or TRS employer.** In this case your Social Security benefits will be based on a complex formula of your average monthly earnings adjusted for inflation. This may lower your Social Security amount.

There are several exceptions. You can read about them on the web site or contact the Social Security Administration. □

For more information, see

<http://www.ssa.gov/pubs/10007.html>

<http://www.ssa.gov/pubs/10045.html>