



RPEA NEWS

FEBRUARY 2008

Volume XII Issue I

FROM THE PRESIDENT'S DESK

by Sam Trivette, RPEA President

Alaska Retirement Management Board

The staff of the Department of Revenue announced at the November 28, 2007 ARM Board meeting that the PERS/TRS trust funds had an investment rate of return of 18.9% for FY-07, putting Alaska in the top 21% of all public pension funds in the United States. We have our fine investment team at the Department of Revenue, the ARM Board, its investment firms and the ARM Board investment consultants to thank for this exceptional year. With the markets today, however, it is unlikely this performance will be duplicated for FY-08.

At the Board's Medical Cost Containment Committee meeting on November 27, 2007, the Committee received a report and testimony from the health care consultant, Buck Consultants, hired by Retirement and Benefits. One primary topic of discussion was the colorectal screening. Although the consultant said in its report "we believe an explicit colon screening diagnostic provision in the retiree plan will prove financially positive over time." no action was taken by the Board because Buck apparently misunderstood the extent of Medicare's coverage on this issue. Although Buck agreed that Medicare's coverage was more than first believed, and it was likely the screening would be even *more* financially positive over time, the decision to recommend the plan change was tabled until Buck could rerun the numbers. It is likely this will be considered again at the next Medical Committee, which we expect to meet in Juneau on February 13, 2008, the day before the next regularly scheduled ARM Board meetings. Check the ARM Board's web site a few weeks before February 13.

The ARM Board previously passed a resolution supporting investigation of whether the State's former actuary, Mercer, had breached its fiduciary duty when providing actuary services to the State of Alaska. After a lengthy and detailed

SENATOR KIM ELTON

SB 183 – Restoring Pension Benefits for Public Employees Sponsor Statement

SB 183 returns guaranteed pension and health care benefits to Alaska public employees. It will make it easier to recruit and retain teachers, police officers, firefighters, and other public employees with no increase in cost.

Analyses by actuaries and the state Division of Retirement and Benefits show that Alaska's defined benefit pension – paying a guaranteed monthly benefit plus health care – costs the same as the new defined contribution system but provides much better benefits. With SB 183, Alaskans get more benefit for the same cost.

SB 183 repeals the laws putting public employees into risky individual savings account plans, and enrolls them in the least expensive pension plans, the current public employee tier III and teacher tier II. The State already administers these tiers for thousands of members, so no new bureaucracy is required.

SB 183 repeals the excessive requirement of a 105% funding ratio before granting ad hoc Post Retirement Pension Adjustments. Financial experts typically agree a funding ratio of 90% or higher is an appropriate standard. SB 183 returns the discretion to the Commissioner of Administration to award the PRPA short of 105% funding.

A few years ago, Alaska beefed up oversight of the pension system: now two actuaries analyze the health of the pension funds, there are more frequent experience studies and the state stopped the practice of sometimes paying less than the cost of benefits. SB 183 retains these smart reforms, making Alaska pensions stronger than ever.

The K-12 teachers and university professors who educate our children, the police and firefighters who protect our families, and the public employees who serve our state and cities deserve a secure retirement in return for their service.

I respectfully ask for your support.

investigation, the Alaska Attorney General concluded a breach had occurred and a lawsuit was recently filed seeking \$1.8 billion in damages. Articles in some Alaska newspapers have reported on this. A law firm specializing in this area has been retained on behalf of the State of Alaska. A decision from the court is likely years away.

Again, some Alaska newspapers have been running stories in recent months on the Supplemental Benefits System bond fund being managed by State Street Global Advisors for the State of Alaska. Although the fund was thought to be invested in low risk securities, the managers deviated from this and over a thousand employees and retirees lost a total of about \$6 million. Due to the diligent oversight of the Department of Revenue staff, and quick action of the ARM Board, losses were initially minimized. With the help of the Departments of Revenue, Administration and Law staffs, negotiations with State

Street resulted in each employee/retiree being fully reimbursed for their lost money.

Dental, Audio & Visual Insurance, Long Term Care Insurance, & Optional Life Insurance Premiums

As reported in the last edition of RPEA NEWS, the State is lowering the Life Insurance premiums for retirees again effective January 2008 as the fund has excessive reserves. The rate of change will be determined by the date of retirement. Members who have this policy should have received the specific information in the mail by now. Because costs have not increased, premiums for the DAV and LTC Insurance Programs will not go up in 2008. RPEA will be asking for additional information on the DAV and LTC fund reserves later this year.

From The President's Desk continued on page 4



Southeast Chapter

by Gary Miller, Chapter Chair

Both RPEA and Retirement and Benefits would like to see the high cost of healthcare reduced. You can help lower those costs without lowering your healthcare benefits by using generic drugs when possible and using the drug mail order plan. I am already doing this myself.

In 2006, there was a total of 53,989 retirees and family members in the retirement system. We purchased \$88,564,035 in prescription drugs of which 47.9% were brand name drugs.

Did you know:

- For every 1% increase in generic drug purchases the typical savings is approximately 1.2% of total prescription costs.
- For every prescription that is moved from retail to mail order, the typical savings is approximately 68% of the prescription cost.
- In calendar year 2007 only 14.3% of all retiree prescriptions were purchases through mail order.

To participate, you can use the Medco phone number or order online. The drugs come straight to your mailbox in one to two weeks and you don't have to drive to a pharmacy and stand in line to drop off your prescription. If you file online you receive an email reminder to refill when it is time to reorder. Save yourself time and save our health plan money. Request that your doctor switch you to a generic drug if one is available and use the mail order plan.

RPEA Elections

Each year four positions on RPEA's Executive Board are open for election. This year elections for the offices of President, Secretary, Director of Medical Information, and Director of Membership will take place. Elections take place late in the spring and officers will begin serving their two year terms on July 1, 2008. The duties of each of these positions are found in RPEA's bylaws located on our web site. You are urged to consider, or ask another RPEA member to consider running for one of these key offices. By the time the RPEA NEWS arrives at your home a nominating committee will be set up by the Board. Contact any current Board member for information or call our office.

Northern Region Chapter

by Charlie Gallagher, Chapter Chair

Our Northern Region Holiday buffet with the Interior Delegation was open to RPEA Members, Legislators, and their staff. While our member turnout was great, unlike last year the Legislature was not well represented. Someone said they must have been exhausted from the special session. We thank Representative Kawasaki, and staff from the offices of Representative Guttenberg, Representative Kelly, and Senator Therriault for their participation. Regarding the opportunity to meet with the legislators, one RPEA member said it all, "I have some very important personal things I need to talk about." Well, we all got to speak about the needs of our State, RPEA, and ourselves, and we got to introduce RPEA to several new Legislative Aides.

The scheduled speakers for our next three meetings are: Jerry Brown, Registered Pharmacist, in January; someone from the staff of Fairbanks Memorial Hospital on February 21st; and Senator Gene Therriault regarding his Identity Theft Bill on March 20th. All these subjects are especially pertinent to us as citizens, seniors, and retirees!

A resolution at our last regular meeting to join the Fairbanks Chamber of Commerce was tabled. This was not because we do not think it is a good idea, but because we simply could not find members who could regularly participate. All of us have commitments to other organizations and we are simply stretched too thin. It surprises me how much time our RPEA members devote to caring for others, and serving as officers in other non-profit organizations.

In November, Reidie Mitchell from Big Brothers/Big Sisters informed us about the worthwhile nature of mentoring children who for one reason or another have adult role models missing in their lives. Unexpectedly, one of their dedicated volunteers, and an RPEA member, was at lunch, too. He gave us his personal perspective of his very rewarding experience as a Big Brother.

I want to remind members that the answers to our medical and other questions presented to Retirement and Benefits are posted on the RPEA website: http://rpea.apea-aft.org/medical/medical_comm.html.

Also, keep an eye out for Congress's

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RPEA Executive Board

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Important Phone Numbers

Premiera 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 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>
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Contact editors at RPEA Office.

reform of the Windfall Elimination Provision (WEP) and the Government Pension Offset (GPO), which affects the amount of social security that some retirees receive. That legislation is due in the 1st quarter 2008.

Retiree Insurance Information Booklet Revision

RPEA was notified in December that the draft of the Retiree Health Booklet would hopefully be available to Retirement and Benefits for review in late January 2008. If you believe YOU have expertise with these issues, and would be willing to sit down and compare this new draft to the older versions of the Booklet on behalf of RPEA, please let us know by contacting Sam Trivette or our office. Thank you.



Complete, Clip and Return to RPEA

Mail To: RPEA, 3310 Arctic Blvd., Suite 200, Anchorage, AK 99503

Questions? Call 274-1703 or (800) 478-9992

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_____ Subscription	_____ \$145 for 5 Years	_____ or E-mail Address
(Non-Member \$35)		

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Mailing Address _____
 Street/PO Box _____ City _____ State _____ Zip _____

Home Phone _____ Work Phone _____ E-Mail _____

Date Retired _____ Retired From (Employer) _____ Union _____

Southcentral Chapter

by Bob Madigan, Chapter Chair

SC Members Contribute over \$2000 in Support of Police Dogs

In a well attended January meeting, Southcentral RPEA members heard about Dollars for Dogs, a community organization established to raise funds for the Anchorage Police Department's K9 Unit. APD officers Tony Henry and Mark Haywood, accompanied by their canine companion Rocket, talked about the program. Before the meeting was over, RPEA members reached into their pockets to make a significant contribution.

The APD currently has eight police dogs and the nonprofit Dollars for Dogs provides the funding necessary for their purchase, training, and equipment. Currently, most of the dogs are Belgian Malinois bred in Holland. Originally a sheep herding breed, the Malinois look similar to German Shepherds. Candidate dogs are tested by the APD before purchase and then thoroughly trained after coming to Anchorage. The APD is said to have one of the best K-9 units in the country.

Anchorage K-9 dogs are almost exclusively patrol dogs used for tracking suspects and searching potentially dangerous areas. Officer Haywood said that the K-9 unit had been responsible for five apprehensions just over the past weekend. The dogs live with their handlers in a home setting when not on duty.

RPEA members were impressed with the program. During the question and answer period, RPEA member Bob Wil-

liams challenged the group by saying he would match any donation to Dollars for Dogs up to a total of \$1000. An envelope went around the room and came back with \$686. When the total was announced, RPEA member Ted Ryberg offered to add another \$400 to bring the amount over the match limit. In the end, \$2086 was raised to support the K-9 program. When the presentation ended, Rocket charmed the members with wags and licks.

Welcome to Sue Hutchison, RPEA's new Administrative Assistant

On behalf of RPEA, we want to extend our warmest welcome to Sue Hutchison as RPEA's new Administrative Assistant. Sue was hired in mid-December and has been trained by our retired Administrative Assistant, Beverly Simmons. As most of you know, this is a half time position and Sue will continue to staff the office 4 hours a day, 5 days a week. Sue retired from the Anchorage School District Library Resources services after about 26 years of public service with the Municipality of Anchorage and the State of Alaska. Sue is also an RPEA member so she understands our issues. She answers our phones and e-mails, directs questions from members to those qualified to answer them and helps prepare our RPEA NEWS.



Check your membership expiration date above your mailing address and send in your dues!

Juneau Constituent Fare

As a retiree and a concerned citizen living in Alaska, this is your chance to participate in your state government! The Community of Juneau and Alaska Airlines are offering you a discount to fly to Juneau. If you have an Alaska Airlines Frequent Flyer account, you can make reservations at alaskaair.com and get up to 40 percent off the short-notice air fare. Sign in to "My Account" and look on the right hand column for "View My Discount Codes". The carrier will deposit a unique "discount code" in your account. Use that number to get the discount. Watch your government at work up close and add your voice to the process!

And while you're in Juneau, you can stay at three hotels with big discounts:

- Driftwood Lodge: \$39/night. 435 Willoughby Ave. (907)586-2280 www.driftwoodalaska.com
- Juneau Hotel: \$69/night. 1200 W. 9th St. (907)586-5666 www.juneauhotels.net
- Frontier Suites by the airport: \$79/night. 9400 Glacier Ave. www.frontiersuites.com

Travel information courtesy of Scott McMurren



RPEA NEWS

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Protecting & Enhancing Your Retirement Years

Inside This Issue:

2008 Life Insurance Premiums Are Lowered... page 1
SB 183 Update... pages 1 and 4



Page 4

President's Desk continued

SB 183

As noted in the last edition of RPEA NEWS, SB 183 was introduced at the end of the last session of the Legislature by Senators Elton and McGuire. This bill would switch the Public Employees & Teachers retirement systems from the new 401(k)-style Defined Contribution system to the previous pension-style Defined Benefit system. (See Page 1 for Senator Elton's Sponsor Statement.)

There have been a number of planning meetings with public employee groups and other concerned groups in recent months. This initiative has many supporters but a handful of powerful people will make it difficult to achieve the goal. I will be providing more specifics by e-mail as the pace of the meetings speeds up. Your input and action at key times will be critical. Please make sure we have your current e-mail address so we can keep you involved in the process.

Thank You, Thank You

In late November I alerted our members with e-mail addresses of Governor Palin's request for input on her FY-09 budget. She asked respondents to take a web survey to rank six alternatives for priority funding. One of the options was to add additional money to pay down the projected unfunded liability of the PERS/TRS systems. That was an option RPEA recommended for selection as a top priority. Almost 11,000 citizens responded to the Governor's survey. I'm very pleased to report to you that the PERS/TRS funding received the highest priority with 29% of the respondents. The second highest priority (education) received about 26% of the votes, with the 3rd place priority (energy) coming in at about 13% of the votes. Thanks to all of you who took the time to complete the questionnaire. Governor Palin listened to this poll and included about \$400 million for the retirement systems.

CREDIT FOR MILITARY TIME

by Sam Trivette

A retiree, who we will call Joe, recently notified us that Retirement and Benefits had increased the amount of his pension check after they became aware of a specific federal law regarding breaks in employment due to military service.

While working for the State in the early 1960's, Joe was a member of the Alaska National Guard and was called up to active duty for six months. The State gave him military leave, but did not credit his retirement service for those months. He appealed before he retired but the appeal was denied. Recently, however, Retirement and Benefits was made aware of the Veterans Reemployment Rights Act in effect at that time. It said an employee who left the employer for active military service and returned to the same employer was to be treated as if no break in service had occurred. Joe consequently received credit for those six months and an increased retirement check. Contact Retirement and Benefits if you think this might affect you.