



The Informer

RETIRED EMPLOYEES ASSOCIATION OF ORANGE COUNTY, INC.

New Year Luncheon Set for Wednesday, January 28th

Come celebrate the New Year with friends, REAO members and guests at the January 28th luncheon at Mile Square Park Golf Course Clubhouse in Fountain Valley. A special menu is being prepared, see page 7 for details. And, as always, the tables will be decorated with beautiful center pieces that will be taken home by a lucky retiree or guest at each table.

You'll hear the latest on Retiree Health Benefits and other pertinent Retiree information. Prizes and surprises await, including the \$300 Progressive Drawing! You could be the next winner but you must be in attendance to win. Don't miss out.

At the December 2014 luncheon all incumbent Officers and Board members were elected to serve in 2015. We also enjoyed holiday entertainment by the Harbor Singers.

Make your reservation today by sending in the form on page 7 with your check to arrive at REAO no later than Wednesday, January 21st. Check in starts at 11:00 AM and lunch is served at noon. Please car-pool if possible. See you on Wednesday, January 28th!

Presidents' Message

2015 Greetings from Linda Robinson and Doug Storm

Happy New Year, Retirees!! 2015 has arrived and with it new opportunities and adventures. On behalf of the entire REAO and AREOC Board of Directors we wish you, your family, loved ones and friends the most rewarding year ever. May happiness, good health and satisfaction be yours throughout this entire New Year.

Allow us to begin by saying it is an honor and privilege to serve as your Co-Presidents and we thank you for re-electing us to this office at the December Holiday Luncheon and Annual Business meeting. Each REAO Director and Officer—all of whom you unanimously elected—sincerely thanks you for your vote of confidence and continued support. It is our strong belief that, together, we retirees can make a substantial difference during changing and challenging times.

YEAR IN REVIEW 2014 was a demanding and eventful year for your Board of Directors and all retirees who graciously volunteered their time, effort and services on behalf of REAO members. As retirees we have certainly had our share of successes and frustrations during the past year. REAO activities presented excellent learning opportunities, membership gains, participation in successful events and an ever-increasing commitment to protect

retiree rights; all this, despite divisive politics, global unrest, alarming healthcare issues and persistent, disparaging media attention fueling anti-government sentiment. We have learned it is crucial to be our own best advocates—whether for quality, affordable health coverage or ensuring retirement security. We must resolve to stay united, informed and active in 2015. Our future retirement years just might depend on it.

2014 EVENTS AND ACTIVITIES

It was a pleasure to host the statewide California Retired County Employees Association (CRCEA) Spring Conference event here in Orange County last April. The networking provided through participation in CRCEA functions and membership on their Retirement Security Committee provides valuable sharing of information and materials for REAO members. REAO Board members staffed a table at the Annual Health Fair hosted

CONTINUED ON PAGE 2

Presidents' Message

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by the Orange County Employees Association last Fall as an outreach effort to active employees who will become our future retirees. For the first time REAOC participated in open enrolment outreach efforts with Employee Benefits by hosting a Health Insurance Workshop in November. We would like to thank those retirees who attended for their patience and understanding for the long lines and standing-room only workshop presentations. You are all trouper and we promise a much larger venue will be provided next year! Another important 2014 activity was updating REAOC's website.

Please visit www.reaoc.org to review the remodel. A new "news" service was made available to REAOC members who have current e-mail addresses on file. The service provides a summary of up-to-date articles concerning important retiree issues. Four educational scholarships were awarded to accomplished, motivated students in pursuit of their college education. The REAOC lawsuit concluded last year. We were surprised and very disappointed with the 9th Circuit ruling; however, please note the class action lawsuit continues through the court process. Some battles are just worth fighting—regardless of outcome. Retirees did not sit passively by as our earned, retirement benefits were altered. Given the numerous attacks on public employee pensions, REAOC's litigation efforts could be a training ground for future court action. Throughout 2014 on-going REAOC activities included monthly Board of Director meetings, retiree luncheons, general business activi-

ties, *Informer* publications and the monitoring of Board of Supervisor meetings. REAOC Board members and volunteers tracked legislation and initiatives, maintained a presence and participated in retirement system meetings, made bi-monthly presentations at pre-retirement seminars and worked closely with Pacific Group Agencies, Inc. which provides a variety of insurance offerings to our membership. While not inclusive, the preceding events and activities kept your Board busy and energized during 2014. It is with enthusiasm and dedication that we make plans for 2015.

In closing, we want to thank you for your continued support, participation and membership in REAOC.

Enjoy the New Year. Take care and be well.

— Linda and Doug



REAOC

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Santa Ana, CA 92711-1787
Phone: 714-840-3995
Website: www.reaoc.org
E-mail: reaoc@reaoc.org

OFFICERS

Linda Robinson	Co President
Doug Storm	Co President
Faye Watanabe	Secretary
Bill Castro	Treasurer
Bob Griffith	Past President

DIRECTORS

Tom Beckett
Gaylan Harris
John Iagjian
John LaRoche
Larry Leaman
Sara Ruckle-Harms

APPOINTED STAFF

Ilene Barcenas	Office Manager
John Iagjian	Membership Committee
John LaRoche	<i>The Informer</i> Editor, Luncheon Committee
Norma Roberts	Board Watch
Linda Robinson	CRCEA Delegate
Lou Scarpino	Legislation
Faye Watanabe	Scholarship Committee

The Informer is published 5 times a year. Readers are encouraged to write *The Informer* expressing their views and comments on the subjects of interest to the members.

The mission of REAOC is to promote and maintain the fellowship and camaraderie of OCERS retirees and their spouses by sponsoring social and recreational activities and by maintaining contacts via a newsletter, the REAOC website www.reaoc.org, e-mail, and other means of communication. A secondary purpose of REAOC is the tracking and dissemination of information relating to pension and legislative actions, financial matters, physical and mental health care, volunteer and employment opportunities and other concerns that may be of interest to our members.

OCERS retirees and their spouses are eligible for regular association membership. Their membership dues are \$3.00 per month, payable through payroll deduction. Active employees, who will receive their retirement through OCERS, are eligible for Associate Membership. Dues for associate members are \$1.00 per month payable for the year each January.

Luncheons are held at Mile Square Golf Course in Fountain Valley on the fourth Wednesday of January, March, May and September, and on the first Wednesday of December.

A local chapter of REAOC is active in Hemet.

2015 Keith L. Concannon Scholarship Program

by Faye Watanabe

REAOC proudly continues the Keith L. Concannon Scholarship Program which is named in honor of the late REAOC President and representative on the Orange County Employees Retirement System Board. Starting January 2, 2015, scholarship applications may be requested by e-mail at reaoc@reaoc.org or by telephone at 714-840-3995.

Now in its 11th year, the Scholarship Program assists bright and accomplished students in their pursuit of a college or advanced degree. Applicants must be related to a REAOC member, although Orange County residency is not required. Students who are related to a member of the REAOC Board of Directors or the Scholarship Committee are not eligible to apply. Also ineligible are

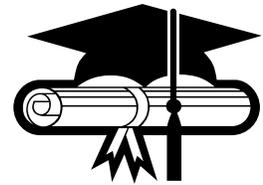
students who have already received a scholarship grant.

Qualifications: Applicants must be full time students having at least a 3.0 grade point average on a 4.0 scale. Students must be either high school seniors who have been accepted as full time candidates for a college degree program in fall 2015; or students already pursuing a degree at an accredited educational institution. Accredited educational institutions include colleges and universities, institutions authorized to provide full credit toward a bachelor's or higher degree, and accredited institutions authorized to train students for gainful employment in a recognized occupation.

Deadline: Complete applications, including the response to the essay question and certification must be

electronically submitted to REAOC by April 1, 2015. The official high school or college transcript and reference letter must be mailed separately with a postmark no later than April 1, 2015. The application instructions should be thoroughly reviewed as requirements have changed.

Informational packets for the Scholarship Program will also be available at the January 28, 2015 luncheon at Mile Square Park Banquet Facility. Please encourage your family members to apply for a 2015 scholarship grant!



Supreme Court to Hear Health Benefits Vesting Issue

by Larry Leaman

On November 10 the United States Supreme Court heard arguments on a case dealing with the issue of whether a collective bargaining agreement that is silent on the duration of retiree health benefits means that the parties—employer and employees—intended those benefits to be vested. In other words, did this silence mean that the employees are guaranteed those benefits for life? The Supreme Court agreed to hear this issue because the Federal Circuit Courts had been split on this kind of issue, resulting in ongoing legal uncertainty. The case in

question is M&G Polymers USA vs. Tackett. A *New York Times* article about the November 10 hearing reported that during the hearing comments by some justices indicated they were not happy about having to decide a winner and a loser in this case, opening the door for the Court to send it back to a District Court for reconsideration, while some justices seemed sympathetic to the rights of retirees. It is understood that the Supreme Court will render some kind of decision no later than June of 2015. While the employer and employees in this case are in the pri-

Welcome, New Members

District Attorney: Paula Gallegos

HCA: Nina Garcia, Nga Huynh, Anh Nguyen

JWA: Loan Leblow

OC Parks & Harbors: Paul Lawrence

OC Public Works: Steven Martindale, Joe Hernandez

Public Defender: Joseph Flohr

Recorder: Tanna White

OCSD: Scott Bowen, Karen J. Ford

SSA: Asghar Soheili, Suzanne Birman

Superior Court: Lorraine Bowen

Not Stated: Carmen Morales, Lynn Gelling, Margaret Roth

vate sector, some believe the decision will also apply to public sector bargaining agreements. Orange County retirees need to watch this one closely as it could impact us!

The Same, But So Much More –The CRCEA Fall Conference

by Lou Scarpino

Sacramento was the site of the CRCEA Fall Conference attended by REAOC Co-Presidents Linda Robinson and Doug Storm, Legislative Chair Lou Scarpino and Office Manager Ilene Barcenas. The program consisted of the usual updates and retiree specific help topics that we have come to expect and also a metamorphous of sorts as the dominant theme best explained by the 14 pages of notes. However, space limitations (and popular demand) dictate the highlights approach to follow.

Welcoming remarks provided by Sacramento Supervisor Don Nottoli, himself a five term supervisor and 16 year chief of staff veteran of the office he now holds, drew from his obvious heartfelt respect for public servants. He reminded us that, in this time of constant media criticism, public service work—our work, is good, hard and very important—without which neighborhoods and communities would be at a loss and in chaos.

BETTER LIVING IN RETIREMENT

Travel – You have earned it: If you haven't already, a cadre of docents was on hand to invite all retirees to visit Sacramento with your families. Our beautiful State Capital, the "Peoples" building is open for viewing and free tours 363 days each year. The building is replete with history and symbolism such as the green painted Assembly Chamber for the farmers / commoners, and the red painted Senate Chamber for the royals. The California Museum, the recently renovated State Library, involving the movement of 35 miles

of books, the Crocker Art Museum, Old Town, Sacramento Under Ground, and the Railroad Museum are also must sees.

LONG TERM CARE (LTC) INSURANCE that a number of our retirees purchased from CalPERS, is the subject of a complex class action lawsuit that was initiated due to dramatic cost increases recently imposed on policies that were sold with fixed "never changing premiums." Trial Attorney Michael J. Bidart provided an extensive briefing on the legal principles involved as well as a status of each issue before the court. Michael still sees a few hurdles, that he believes can be overcome, and believes that the case is likely to settle through a negotiation. He also observed that the average use of LTC is relatively short—well under five years. Therefore, the concept of lifetime LTC coverage, of which some of the policies are based, may not make a lot of sense in practical terms, and could be a logical part of any settlement.

PLANNING FOR END OF LIFE ISSUES was presented by Cheryl Moore of the Funeral Consumers Alliance of Northern California (FCANC). Calling FCANC the "consumer reports of the funeral business" Cheryl advises to pre-plan and pre-save. Average funeral costs range from \$6,500 to \$8,000. The FCANC approach average \$1,000 to \$2,000. Participants found the presented material enlightening and valuable. For the full picture of your rights, protections under the law, alternatives and approaches available to you and your families, visit their website at

fcanc@surewest.net or call (916) 486-3552.

Losing Your Car Stereo is no longer a worry. Criminals have morphed into sophisticated networks with readily available gadgets and software that now focus on the non-violent and safer (for them) world of identity theft. Individuals as well as coordinated teams work hard to get and use your personal information gleaned from your trash cans, credit cards, checks, computers and scams of all sorts over the internet. While you have heard it all before it is worth repeating some of the main DO's and DON'Ts:

- Cross Shred – Everything, even junk mail with your identifier information. Meth addicts are up all night reassembling strip shredded pages they sell for \$2 to \$3 each;
- Credit Cards – Don't let your credit cards out of your sight and do watch for suspicious handling and gadgetry anywhere credit cards are swiped or inserted. Do use the new chip cards now available;
- Checks – Use as little as possible and avoid placing in outgoing mailboxes other than those of the US Postal Service. Washing checks is old school. Check writing software easily creates high quality bogus checks using only the numbers at the bottom of your check;
- Internet Queries – Financial Institutions Do Not Ask for your passwords, full identifier or account information over the internet or by phone. Rule: IF ASKED – DON'T TELL;
- Autos – Don't leave identifier information in cars in sight or the

CONTINUED ON PAGE 5

CRCEA Fall Conference

CONTINUED FROM PAGE 4

glove compartments;

- PINs – Protect these by blocking others view in public when keying in;
- Check Monthly Statements – Regularly and Often. Timely failure to catch thieves' charges could leave you liable.

RETIREMENT INCOME SECURITY – The level of concern by those in the know has visibly morphed and is now risen dramatically. This was evidenced in the comments of Richard Stensrud, Sacramento County CEO; Bob Palmer, State Association of County Retirement Systems Executive Director; and of those from the Legislative Report panel consisting of Amy Brown, CRCEA lobbyist; Karon Green, Chief Consultant to the Assembly Committee on Public Employees, Retirement and Social Security, and Pam Schneider, Executive Staff Director, Senate Committee on Public Employment and Retirement.

All speakers pointed out that enacted California PEPRA pension reform is real reform. However, now the opposition is refocusing attacks on "legacy" employees (i.e. those under the old rules) and current retirees. Two major tools are a 2016 statewide California initiative and federal Bankruptcy Court concessions. Several presenters noted that it is no secret that a well oiled advocacy and financing machine, that inevitably traces back to a limited number of mostly out of state sources with an agenda, produces and places a constant flow of negative public pension media pieces. Related to this are attacks on California and federal constitutional protections that distin-

guish statutory authority, in which California pensions are based, from contracts that generally can be modified through bankruptcy and upon which Detroit pensions are based. In that case, active employees and retired pensioners were required to take a cut. Attempts are now aimed at extending this same result to statutory based pensions -meaning current public sector retirees.



Richard Stensrud noted the value he derives from instilling a sense that "we are all in it together." An enlightened public policy on pensions would build on this concept especially since too few citizens with too little retirement resources simply is not the basis for a long term healthy economy.

The legislative panel noted that future California based legislative solutions are not readily apparent. Therefore, the battle may well have to play out at the federal level. In the interim, all agreed that we can expect a continuous plethora of media pieces based on pension opponents' least common denominator underlying premise.

Presenters noted that it is no secret that, historically, economic downturns spawn a new run at public pension dollars by the brokerage

firms charging stated as well as virtually hidden fees on 401k products, and insurance companies that convert those products annuities for their cut. Both degrade value for what too often are poorly funded individual 401k accounts.

The underlying message – get and stay involved as part of your retirement check may hang in the balance as will your children's future retirement security. Without a major effort and focused strategy we cannot expect to see articles that recognize legitimate pre-agreed upon and owned (when vested and alive) deferred salary compensation, or articles on the contributions from salary or taxes public employees pay that also fund pensions. We sure will not see articles on the risk taken that includes passing away before retiring with no survivor beneficiary—to the benefit of all other members and all tax payers. No one working this issue ever believed that abuses did not and still do exist to some degree. But quick and dirty policy that hurts all for the foreseeable future is not the enlightened approach needed.

SETTING THE RECORD STRAIGHT – The CRCEA Spring 2014 Conference Report credited to me was actually excerpts from the conference minutes produced by Dorothy Lueking. Our thanks to Dorothy for all the support she continues to provide CRCEA on behalf of all retirees.



OCERS 2014 Year in Review

by Tom Beckett

2014 has seen some significant events at OCERS. In addition, a very important policy decision was made by the OCERS Board at the end of 2013 which should be mentioned so as to not be overlooked in the transition from year to year.

The decision made at the end of 2013, based on analysis and recommendations from the OCERS actuary, Segal Consulting, concerned policy related to the amortization of Unfunded Actuarial Accrued Liability (UAAL), which is the difference between estimated total actuarial liabilities (pensions and other benefits) and estimated assets to pay those benefits. If there is a UAAL, it is made up by employers over a period of time to eliminate the shortfall. Under previous policy, amortization periods varied depending on the source of the shortfall, generally falling between 15 and 30 years. Shortfall sources include actuarial gains or losses, assumption or method changes, and Plan amendments. The new policy combines the previous layers into a single balance and is amortized over 20 years.

Since some amortization periods were made longer and others shorter, the net result for employer contributions was very little change for the first 10 years. After 10 years the contributions continue to grow and then stop after 20 years. From a retiree perspective, this can be looked at as a positive development because OCERS becomes fully funded over a shorter time period.

A second significant report from the OCERS actuary, Segal

Consulting, was received in September. The report is the Triennial Study of Actuarial Assumptions. Every three years the actuary performs a study comparing actual experience to the current assumptions for demographic and economic events. Depending on the results, recommendations are made to adjust assumptions where indicated. These adjusted assumptions are then used in the preparation of the following actuarial valuations and setting of contribution rates. The basic economic assumptions are price inflation, wage inflation, and investment return. The basic demographic assumptions include termination, mortality, disability, and retirement. There are many other subcategories in the demographic area which can have significant impact.

With respect to demographic assumptions, there were a number of recommended adjustments. The age at retirement for both General and Safety members is slightly later. Termination rates are changed to a service based structure and are generally decreased. Disability incidence is decreased at some ages for both General and Safety members. The aggregate impact of the adjustments to demographic assumptions is very small for Employers (0.39%) and even smaller for Employees (0.04%).

With respect to economic assumptions, the most significant change is a reduction in the assumed rate of inflation from 3.25% to 3.0%. This also reduces the assumed rate of growth of payroll and also reduces future pension costs, resulting in an actuarial gain. In addition, since the

assumed rate of return on investments is unchanged, the real return (net of inflation) is increased. The aggregate impact is a slight reduction for Employers (-0.32%) and Employees (-0.04%).

On another subject, 2014 has been a challenging year for the management of the OCERS Investment Pool. As with all large investment pools, the world economy and international events impact investment options and opportunities. Political instability in so many places in the world including Ukraine, the Middle East, and Africa impact the world economy. In addition, most of the European economies are seriously challenged and China, after many years of vigorous economic growth, is seeing its growth rate decline.

Despite these factors, the OCERS investment portfolio had returned a positive 4.95% through October 31, 2014 despite a market correction that month. This would put the performance of the pool slightly behind pace to reach the actuarial assumed rate of 7.25%. Stock market performance in November and December will likely determine whether the fund meets its investment target this year. We still need to fold in the last two months' activity, so these are preliminary numbers and will obviously be subject to revision. Presently, no major changes are anticipated in the funding ratio (assets as compared to liabilities) of the plan this year, either up or down.



**On the Calendar: 2015
REAOC Luncheons**



March 25
May 27
September 23
December 2

**Hemet Chapter
Luncheon on
February 10th**

REAOOC's Hemet Chapter will hold its next luncheon on Tuesday, February 10, 2015 at 11:30 a.m. at the First Presbyterian Church located at 515 E. Kimball in Hemet. The cost is \$9.50 per person. Make your reservation by calling Jeri Maupin at (951) 672-4594 or Joyce Emery at (951) 658-2549. Upcoming luncheons will be held on the second Tuesday in April and June 2015.

The Hemet Chapter would like new members and all REAOC members who live in the area or within driving distance to join them for the luncheons.

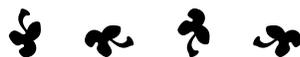


In Memoriam

We extend our deepest sympathy to the families and loved ones of those who meant so much to so many.

August 2014 – December 2014

- Daniel Adams, OC Sheriff's Department
- Laurel Alexander, OC Sheriff's Department
- Florence Arntzen, SSA
- William Baker, OC Community Resources
- Lawrence Buckley
- Gail Conyers, Probation
- Keith Davis, Sanitation District
- Bernice Garramon
- Edwin Huffman, OC Public Works
- Wayne Johnson, OC Community Resources
- Margaret Jolley, Probation
- Stanley Krause, CEO
- Arthur Martinez, OC Sheriff's Department
- Maja Meidinger, Probation
- Dorothy Miller, SSA
- Gabrielle Oey, UCI
- Jean Pope, SSA
- Margaret Riggs, Assessor
- Duane Seher, OC Public Works
- Lois Taylor, Superior Court
- Catalina Tino, Auditor-Controller
- Marjorie Wetherbee, SSA



**New Year Menu for
January 28th**

- Cornflake Crusted Chicken Breast*
- Brushed with Honey Glaze*
- Chive Potatoes*
- Fresh Garden Vegetables*
- House Salad with Italian or Ranch Dressing*
- Fresh Baked Rolls*
- Dessert*
- Coffee and Iced Tea*



**Directions to Luncheon
at Mile Square Park,
Fountain Valley**

Mile Square Golf Course is located in Mile Square Park, 10401 Warner Ave., Fountain Valley. From the San Diego Freeway (405), take the Warner Ave. exit and proceed East on Warner. Turn into Mile Square Park Golf Course Clubhouse entrance at Ward St. and park (parking is free). Mile Square Park is bounded north by Edinger Ave., south by Warner Ave., east by Euclid Ave. and west by Brookhurst.

**Luncheon Reservations Due
Wednesday, Jan. 21, 2015**

Print Name: _____

New/Changed E-mail Address: _____

of lunches at \$17.00 each: _____

of Vegetarian lunches: _____

Enclosed is my check for \$ _____

Check-in begins at 11:00 a.m. and lunch is served at noon. Please make your check payable to REAOC and mail to: REAOC, P.O. Box 11787, Santa Ana, CA 92711-1787

PLEASE CAR-POOL!

**Progressive Drawing
\$300.00**



Evelyn Brice of Anaheim would have won \$250 at the December luncheon if she had been present at the luncheon. Remember—you must be present at the time of the drawing to win! See you on Wednesday, January 28, 2015 at Mile Square Park.



Volunteer Opportunities

REAOC BOARD WATCH COMMITTEE

The purpose of this committee is to protect retiree rights and benefits by reviewing Board of Supervisor's (BOS) agendas and minutes and to listen to the BOS meetings. For more information, go to the REAOC website and click on "Get Involved." If you are interested, please call Norma Roberts at 949-645-9421 or email her at robertscn@att.net.

JUVENILE JUSTICE COMMISSION

The Orange County Juvenile Justice Commission (JJC) is a mandated group of private citizens who perform a variety of advocacy and regu-

latory functions on behalf of the youth involved in the juvenile justice system.

Applications are available by request through the Juvenile Justice Commission office 657-622-5578 or on the Superior Court of California, County of Orange website: www.occourts.org/directory/juvenile/jjc. Only Orange County residents may apply.

ONEOC'S DISASTER CADRE



Accelerating Nonprofit Success

OneOC is the lead agency in Orange

County for the coordination of "spontaneous" volunteers following a disaster. Join us at OneOC on the 3rd Thursday of each month 5:30 - 6:30 p.m. and find out how you can play an important role in your community when disaster strikes. All are welcome!

Address: OneOC, 1901 E. 4th Street, Suite 100, Santa Ana, CA 92705

Contact: Christa Seiwert, cseiwert@oneoc.org, 714-953-5757 ext. 132 or visit www.oneoc.org/get-involved/disaster-programs



Dated Material – Please Deliver Immediately

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CRCEA Fall Conference

Volunteer Opportunities

2015 Scholarships

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INSIDE THE INFORMER

P.O. Box 11787, Santa Ana, CA 92711-1787

RETIREED EMPLOYEES ASSOCIATION OF ORANGE COUNTY, INC.

The Informer

Presorted
First Class Mail
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PAID
Permit No. 100
Gardena, CA