Hello REACC members! We hope your summer activities have left you feeling relaxed, refreshed and ready to enjoy the change of season coming this way. William Bryant gently describes this time of year well: “Autumn, the year’s last, loveliest smile.” As we step into the new fall season, may the upcoming months bring cool weather, contentment and many smiles.

Current Activities: It’s been a busy summer. Since June, members of your Board of Directors have held monthly meetings to address issues related to membership, retirement security, retiree medical, media misinformation regarding pensioners and other evolving issues that have become exceedingly political. The REACC website is being remodeled—a process which will be completed by year’s end. Board members have attended meetings held by the statewide California Retired Employees Association (CRCEA) and worked with their standing Retirement Security Committee, will participate in the annual OCEA Health Fair scheduled for September 9th, attended monthly Orange County Employees Retirement System (OCERS) meetings, monitored Board of Supervisor meetings and tracked initiatives/legislative efforts taking place throughout the State that could affect retirees.

2015 Retiree Health Plan Rates: On July 22 the Board of Supervisors adopted 2015 Retiree Medical Rates. Rate increases and decreases are very different this year for Non-Medicare (pre-65) retirees and post-65 (Medicare covered) retirees who utilize County Medical Plans. A major reason for cost differences is the result of one-time funding—the Early Retiree Reinsurance Program (ERRP). These funds were credited to pre-65 retiree rates in 2014. ERRP funds reduced plan costs for 2014. Since the credits were for one year only, full plan costs are captured in 2015 rates. Be aware: This can result in large dollar increases for some of the 2015 medical plans. It will be extremely important for retirees to carefully review plan coverage, costs and changes for 2015.

We have met with the County’s Employee Benefits staff to discuss the upcoming open enrollment period which runs November 1 through 21. For retiree participants, Retiree Medical Plan Packages will be mailed by the County the last week in October. REACC has been asked to

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participate in open enrollment outreach efforts with Employee Benefits by hosting a Health Insurance Workshop for retirees which is scheduled for November 6th at the OCERS building located at 2223 Wellington Avenue in Santa Ana. Exact time is “to-be-determined” and notice will be posted on the REAOC website. Employee Benefits personnel and representatives from Plan providers will make presentations and answer any questions you may have. Employee Benefits has provided summary information regarding 2015 rates for this edition of The Informer. The new rates are posted on the REAOC website, www.reaoc.org for your review.

In closing, we thank you for your support, participation and membership in REAOC. Take care and be well.

– Doug and Linda

**2015 Retiree Health Plans – This Summary Provided by Employee Benefits**

The Wellwise PPO rates will decrease by an average of 9.1%, while the Sharewell PPO rates will increase by an average of 10.4%. The Wellwise and Sharewell plans are evaluated separately and the rate adjustments are reflected without the one-time 2014 ERRP credit. The rates also include Affordable Care Act (ACA) fees of 0.7%. To align employee medical benefits with retiree medical, the Wellwise and Sharewell plans added a preventive care benefit and the Wellwise plan established a pharmacy out-of-pocket maximum of $4,100 for an individual and $8,200 for a family. Previously, there was no out-of-pocket limit for pharmacy.

For the insured medical plans, the Kaiser Senior Advantage (KPSA) HMO rates are decreasing by 6.4% due to lower inpatient utilization and plan design changes described below. The Kaiser HMO rates are increasing by 23.0% based on an increase in inpatient claims. The KPSA and Kaiser HMO rates include 0.8% and 0.4% respectively for ACA fees.

The Anthem Medicare Advantage Plans have adjustments ranging from a 0.5% increase to a 4.8% decrease primarily due to plan design and/or a decrease in inpatient utilization. The Anthem Traditional HMO and Select HMO plans will increase by 16.7% due to an increase in inpatient and prescription claims. The Medicare Advantage Plans and Traditional/Select HMO plans include 2.8% and 3.8% respectively for ACA fees. SCAN will not have a rate adjustment for 2015. The rate adjustments are based without the ERRP credit.

In an effort to align employee insured health plans with retiree insured health plans, Kaiser and Anthem office visit copayments are increasing from $15 to $20. Additionally, Kaiser and Anthem’s brand drug copayments are increasing from $20 to $30 and Anthem’s non-formulary drug copayments are increasing from $40 to $50.
REACC hosted the 2014 California Retired County Employees Association (CRCEA) Spring Conference on April 7-9 at the Hilton Hotel in Costa Mesa. CRCEA is a non-profit corporation and is comprised of Associations representing the twenty counties constituted under the 1937 Retirement Act. The theme for the conference was “Ride The Orange Wave.”

**Monday, April 7, 2014**

**Opening Ceremonies**

Linda Robinson, REACC Co-President, offered the Invocation. The Presentation of Colors was made by the Orange County Sheriff’s Department Color Guard and Buglers. The Pledge of Allegiance was conducted by Dorothy Lueking, CRCEA Secretary. The National Anthem was sung by Tim Keppler.

**Welcome Address**

Sandra Hutchens, Sheriff-Coroner, Orange County Sheriff’s Department, spoke of the many challenges facing the Orange County Sheriff’s Department and some of the efforts being made to meet those challenges. She gave a general overview of the many attractions in Orange County and concluded her remarks by taking questions from the audience.

**Presentation -- Sex Influences on Brain and Memory. The Burden of Proof Has Shifted**

Dr. Larry Cahill, Professor in the Department of Neurobiology and Behavior at the University of California, Irvine, spoke about research that has found that there are gender differences in the brains of men and women.

**Presentation -- How NIRS Can Help You Defend Your Retirement**

Diane Oakley, Executive Director of NIRS (National Institute on Retirement Security), whose talk and slide presentation was accompanied by a handout for the audience. Of particular note is that she covered the well financed, and often biased, media and political efforts of anti-public pension advocates.

**Breakout Session for CRCEA Standing and Ad Hoc Committees**

President Skip Murphy explained the purpose of the Breakout Session was to provide CRCEA Committees with time to discuss their activities over the past six months and to discuss how they might provide help to local associations in the future.

**Tuesday, April 8, 2014**

**Presentation -- Maximize Life After 50**

Kerry Burnight, PhD, Professor of Geriatric Medicine and Gerontology in the School of Medicine at the University of California, Irvine, whose remarks centered on successfully maintaining a rewarding quality of life during retirement.

**Presentation -- Have Seniors, Will Travel**

Speaker Jill Swaim, an Ambassador for Road Scholar, formerly known as Elder Hostel described how Road Scholar participants explore interesting places all over the world through various programs, travel and educational classes.

**Presentation -- No, No, They Can’t Take That Away from Me That Way, Either!**

Attorney Harvey Leiderman, Partner, ReedSmith, who is also the contract attorney for the OCERS Board of Directors spoke about municipal bankruptcy and its potential impact on public sector employee and retiree security. He noted that municipal bankruptcy will not enable government entities to take away retirees’ vested benefits. He briefly explained his belief that the U.S. Constitution, and within California state law, makes it unlikely that a bankruptcy ruling can take away vested retirement benefits.

**Legislative Report: Sacramento Scene**

The panelists for the legislative report, which was conducted via a SKYPE teleconferencing connection, were Amy Brown, CRCEA Legislative Consultant; Karon Green, Consultant to the Assembly Committee on Public Employees, Retirement and Social Security; and Pam Schneider, Principal Consultant, Senate Committee on Public Employment and Retirement.

**Presentation -- Investment Challenges Facing Public Pension Plans -- We’re Not in Kansas Anymore**

Girard Miller, Chief Investment Officer, Orange County Employees Retirement System (OCERS) began his presentation with observations of what it was like “back in the good old days” when retirement systems used the traditional “balanced fund” formula=60/40, there were 2-4 workers per retiree, most plans had positive cash flow, stocks appreciated at double-digit rates and unfunded liabilities vanished. He then went on to note how things have changed since those days and defined the “new normal” for current day retirement funds and investments.

**Round Table Session**

President Skip Murphy conducted the Round Table Session, introducing CONTINUED ON PAGE 5
Since 2005 your REACC membership has assisted bright motivated students to further their education through the annual Keith L. Concannon Scholarship Program. As in the past, this year’s applications included many very qualified full time students. The scholarship applications were reviewed by a volunteer committee from the REACC membership and the Orange County Department of Education who saw no applicant names or identifying information.

The recipients were selected based on academic performance, volunteer and work experience, written essay and awards and honors. Each recipient receives a $1,500 check to be used for school tuition, books or other items required for the degree program. It is an honor to present the 2014 recipients with a highlight of their many individual accomplishments.

Jackson Driggs is the grandson of REACC member, Bobbie Driggs. Based on a blind judging of all applications, the Committee recommended Jackson who first received a grant in 2012 and has now achieved the scholarship award limit. Jackson attends the University of Texas with a 3.9 non-weighted, grade point average. Based on character and leadership, he was competitively selected to the prestigious Texas Cowboys, a service club limited to 25 students. Since Jackson is very focused on becoming a petroleum engineer, he is utilizing his education on a summer job as a member of an oil production team. He said to Bobbie, “I’m finally at a big boy job, Grammy!”

Layton Hrubes is the granddaughter of REACC member, Barry Aerni. She first received a grant in 2013 to now achieve the award limit. She is a freshman majoring in animal science at Montana State University with a 3.6 GPA. Having raised horses and pigs for much of her life, Layton aims to someday apply her education and technology to help advance ranchers and companies in the livestock industry. She now regularly volunteers at the Eagle Mount-Bozeman Therapeutic Riding Center where she guides persons with special needs or serious illness on

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several Member Association representatives who shared the current status of lawsuits and other issues in their Counties.

**Banquet**
Conference attendees enjoyed a Banquet on Tuesday evening with Master and Mistress of Ceremonies Doug Storm and Linda Robinson, REAOC. Entertainment was provided by the musical duo of The Pulcini Brothers. The evening concluded with a drawing for numerous baskets and gift cards contributed by REAOC.

**Wednesday, April 9, 2014**

**Business Session**
The Business Session included the Executive Committee Report, Financial Report, Committee Reports, and Ad Hoc Committee Reports. At this session the delegates voted to make the Retirement Security Committee permanent at the next conference and indicated they want an aggressive approach. Conference Committee Chair Betty McCollum thanked the Host Committee Co-Chairs Linda Robinson and Doug Storm for their leadership in planning an outstanding conference.

A Big Success
The REAOC Officers and Board of Directors want to give a big “Thank You” to June Marcott for serving as Volunteer Coordinator, Marianne and Jack Luster for organizing the Hospitality Suite, Sharon Sedgwick for the table decorations, raffle baskets and helping stuff the back packs and to the following volunteers for all their time and energy spent in making this conference such a big success: Evelyn Barnett, Wellington Bennett, Arturo Castro, Maria Cross, Steve Doan, Terre Duensing, Pat Elliot, Janis Forster, Espi Garcia, Barbara Heebner, Virginia Hughes, Lynn Hurd, Jerry Jahn, Eugene Jalbert, Marlene Keys, Kathy Little, Helen Lotos, Kathleen Mattivi, Grace McDonald, Linda McHaney, Gayle McQuown, Judith Montoya, Cheryl Neuenschwander, Norma Roberts, Barbara Stocker, Jeanette Tozaki, Mel Vargas, Barbara Voss, Charlene Williams, Shirley Wilson

Also, thanks to the following Conference Sponsors for their donations:
- Stephen Pettee, Pacific Group Agencies
- John Robinson, Collectible Firearms
- Orange County’s Credit Union
- Reed & Waddell
- Orange County Employee Association

**2014 Fall Conference**
The Fall Conference will be held on October 20-22, 2014, at the Embassy Suites Sacramento Riverfront Promenade, 100 Capitol Mall, Sacramento, CA 95814. Phone: 916-326-5000. Room rate will be $155.00 per night which includes a full breakfast and a two-hour beverage reception nightly.

**Scholarship Recipients**
CONTINUED FROM PAGE 4

horseback rides. Layton says that it is personally rewarding to help these individuals discover the joy of horsemanship and the use of riding for relaxation and fun.

**Chase Morrin** is the grandson of George German. He first received a grant in 2012 to now achieve the award limit. He maintains a 3.7 GPA at Harvard University as a computer science and neurobiology major. He continues to win impressive awards in jazz composition. After graduating from Harvard in June 2015, Chase plans to earn a master’s degree in music from the New England Conservatory of Music. He hopes to somehow combine his science major with music in the future, perhaps in researching the role of the brain in music. For now, Chase’s summer job involves “developing an algorithm to more accurately automate the segmentation process in the neurobiological connectome project.”

**Luke Selway** is the son of Robert Selway. He is graduating from Villa Park High School with a 3.9 GPA. He excels in basketball, football, baseball and track. In basketball alone, Luke was named the League Most Valuable Player and on different teams for all Orange County, the California Interscholastic Federation (CIF) and the State. He uses his strong academic skills to tutor other students and volunteers for his church and charitable events. Luke has been accepted to several colleges and universities this fall, while he is exploring the possibility of playing college basketball.

Congratulations to all of the 2014 grant recipients and thank you to the REAOC membership for your continued support of higher education!
Get Used to Hearing About the California Rule
by Larry Leaman

In the last 6-12 months anti-public sector advocates, such as Orange County based California Public Policy Center and its Union Watch affiliate, have been generating issue papers, newspaper op-ed pieces and blog posts about what they view as excess public pensions and the so-called California Rule. In brief the California Rule as it is called is an interpretation of Federal and State contract law made by the California Supreme Court in 1955 when it ruled that public sector employees are vested in their employer’s pension system from the day they are hired and that any changes to the pension plan that is a disadvantage to employees must be offset by changes that provide an equal advantage.

This decision, which has reportedly been embraced over the years by several other states, has appeared to make California public pensions bullet proof in that they are a contractual commitment for life. But, not so fast. At least three avenues are being pursued by anti-public pension advocates to try and circumvent the protections of the California Rule.

One avenue is to encourage cities or counties to seek bankruptcy protection in federal bankruptcy court in the hope that a federal bankruptcy court ruling can trump the California Rule and cut pensions as part of a bankruptcy settlement. Presently the bankruptcy case of the City of San Bernardino, California is in the spotlight as a potentially precedent setting case on this issue.

Another strategy to overcome the California Rule is to propose initiatives at the local or state-wide level which, if approved, would allow City Councils, Boards of Supervisors, and other governing bodies to reduce pensions under certain circumstances. The initiative being proposed by San Jose Mayor Chuck Reed is an attempt to get a statewide change in law onto the books to allow pension reductions to be made prospectively (going forward). And proponents are attempting to qualify a Ventura County initiative that would, if approved by the voters, grant similar authority to the Ventura County Board of Supervisors and make other changes too, such as moving county employees into 401(K) type plans and away from the security of the defined benefit retirement plan they now have.

A third strategy is a variation of the second, with a goal of being better organized through the establishment of bi-partisan political action committees (PACs) throughout the state to work to elect people to the state legislature who will enact laws to overcome the California Rule.

There is considerable thinking that the initiative or new state law efforts would be thrown out by the courts as violating 60 years or more of contract law interpretation by the courts. It is also believed that the issue of whether a federal bankruptcy court can trump the California Rule’s protections of public pensions will eventually find its way to the U.S. Supreme Court.

The important thing for retirees here to remember is that the California Rule has protected their pensions and made it impossible for politicians to take away what was promised with regard to pension benefits. It is also important to recognize that there are advocacy groups, some based here in Orange County, that want to see the California Rule and its protections done away with so that pensions can be cut.

If interested in reading some of the material generated by these groups, here are two:

"How the California Rule holds back pension reform"
www.openmarket.org/2014/03/05/how-the-california-rule-holds-back-pension-reform

"The fall of Pacific Grove – Conclusion: The California Rule cannot stand"
unionwatch.org/the-fall-of-pacific-grove-conclusion-the-california-rule-cannot-stand/

2015 Health Plans
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The Traditional HMO and Select HMO out-of-pocket limits are being revised from an individual medical out-of-pocket limit of $1,500 to a combined medical and pharmacy limit of $4,500. The family medical out-of-pocket maximum for Anthem’s Traditional and Select HMOs will be revised from a family medical out-of-pocket limit of $4,500 to a combined medical and pharmacy limit of $6,000.
**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, Sept. 17, 2014**

- **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

**Luncheon Menu for September 24th**

- **Home Style Meat Loaf with Garlic Brown Sauce**
- **Fresh Whipped Potatoes**
- **Garden Vegetables**
- **House Salad with Italian or Ranch Dressing**
- **Garlic Bread**
- **Dessert**
- **Coffee and Iced Tea**

**Hemet Chapter Luncheon**

REACC's Hemet Chapter will hold its next luncheon on Tuesday, October 14, 2014 at 11:30 AM 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 December 2014 and February 2015.

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

**Progressive Drawing $200.00**

Teresa Rivas of Santa Ana would have won $150 at the May luncheon had she joined us at the luncheon. You must be present at the time of the drawing to win!

See you on Wednesday, Sept. 24 at Mile Square Park.
Welcome, New Members

Auditor/Controller: Christine Cissna
Child Support Services: Roberta Jaimes
City of San Juan Capistrano: William Ramsey
County Counsel: Benjamin de Mayo
District Attorney: Pamela Northcott, Rosa Hatch
HCA: Maureen Robles-Wilson, Bonnie Birnbaum
Human Resources: Barbara Mizerek
Library: Janice Kollander, Sharon Walker, Sheila Hodge, Regina Lazo
OC Fire Authority: Darni Bodin, Laurie Reinhart, Charles Nicola, Christine Richey

OCCR: John Tam
OC PARKS: Lynn Gvow
OC Public Works: Shane Lindzy, Angelito Alvarez, Harry Persaud
OCSD: Ruth Otterbein, Roy Llewellyn, Daniel Dwyer, Bruce Chapman
OCTA: Michael Barnes
Probation: Margaret Dames
Superior Court: Ana Maria Hall, Carol Duensing

Not Stated: Craig Harris, Joseph Ngo, Jesse Spruill, Anne Hilton, Patricia Jonk, Mary Hutain, Janet Lee
Surviving Spouses: Meitsu Strayer, Linda J. Snyder, Peggi Krewson

Dated Material – Please Deliver Immediately

The California Rule
OCRCA Conference Report
2014 Scholarship Recipients
Fall Luncheon Set for Wednesday, September 24th

Inside The Informer

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Retired Employees Association of Orange County, Inc.