



RPEA REPORTER

April Newsletter 2021



President's Message

Sharon Hoffbeck

I've often been asked over the 9 years that I've worked with RPEA, why I've dedicated so much of my precious retirement time to a volunteer 'job', which is exactly what it has become for the past several years—a job often equivalent to full time for many weeks at a

time. The answer is simple—when I began working with the Medical Information committee in 2012 it was for something fun to do a couple of hours a month! I soon though realized that hard earned constitutionally protected retirement benefits—my own benefits—were at risk and that the State was on a path to destroy the major reason every retiree I talk to went to work for the State in the first place—it certainly wasn't for the money!!, but that they were willing to take a reduced salary during their active years for the promise of a good health plan package when they retired. Sound familiar??!!

I also soon realized that just like in the late 70's with Hammond vs Hoffbeck

and the early 2000's with *Duncan vs RPEA*, it would once again take a lawsuit to reign in the destructive path the State was on; this time though it was going to take more than one lawsuit, which is why RPEA had to file both the DVA lawsuit and the Medical Diminishment lawsuit. Lawsuits are a lot of work, but the alternative was that we'd lose all we'd worked for all those years. We're getting close to our goal though, and anticipate complete victory—RPEA won the DVA lawsuit at the Superior Court level and I am confident the Supreme Court ruling will support the Superior Court win; the Medical Diminishment lawsuit will go to trial in mid-July and I am confident RPEA will again be successful with a favorable ruling.

Of course I in no way accomplished anything by myself! All of RPEA's E-Board members have worked hard over the years to support my vision for the organization and achieve the successes we've achieved. Although the individual Board members have changed somewhat from year to year, there are a few who have been there from the beginning and stayed the course, helping maintain focus, continuity and purpose. I thank both past and present Board members for their hard work in helping win the battles so all retirees can rest assured that when they need the benefits they were promised--they will be available.

I also want to thank all of you!! Without the dedicated members of RPEA, nothing would have been possible. There is strength in numbers, and **RPEA's numbers have become significant going from approximately 1,800 members nine years ago to approximately 5,500 members today.** RPEA's only source of revenue is through memberships and donations, and without your help the lawsuits protecting all retirees would never have come to be.

LITIGATION UPDATE

Brad Owens
Executive Vice President

As you know, RPEA is involved in two lawsuits, both against the Dept. of Administration, Division of Retirement and Benefits ("state"). Both involve changes the state made to the Retiree AlaskaCare health Plan in 2014: one concerns the changes made to the dental plan and the other changes made to the medical plan. Both involve the claim that the state diminished or impaired

dental or medical benefits, in violation of constitutional protections provided under Alaska law and the procedure specified by the Alaska Supreme Court for making changes to either plan.

The lawsuit involving the dental plan is currently before the Alaska Supreme Court. The state appealed the decision of Judge Aarseth that he issued after trial ruling on two primary issues: first, he ruled the dental (and audio and visual) plans are part of the constitutionally protected retirement package offered by the state to public retirees when they retire and, second, the changes made by the state in 2014 unlawfully diminished or impaired the dental benefits the state previously provided under the prior dental plan. That decision is scheduled for oral argument in April in the appeal before the Supreme Court. RPEA is confident the Supreme Court will deny the appeal filed by the state.

The website to watch the recorded oral argument on KTOO Gavel to Gavel is:

<https://www.ktoo.org/gavel/video/2021041005/kelly-tshibaka-v-the-retired-public-employees-of-alaska-inc/>

The other lawsuit also involves the changes the state made to the retiree medical plan in 2014. The Alaska Supreme Court had previously ruled in 2003 that the medical plan is part of the constitutionally protected retirement package promised to public employees when they retire which cannot be unlawfully diminished or impaired. This lawsuit is scheduled for trial in July. RPEA claims that DRB failed to follow the process established by the Supreme Court in 2003 for making lawful changes to the medical plan. This failure resulted in diminishing or impairing the protected benefits that existed under the medical plan before the 2014 changes. RPEA also argues that these failures violated the state's fiduciary duties as the administrator of the medical plan to act in good faith, fairly and with loyalty toward the retirees covered by the plan, and failed to provide adequate prior notice and due process to retirees before the changes were imposed. RPEA is confident it will succeed in these claims at trial as well as in any appeal that might be filed.

RPEA has pursued these lawsuits in order to protect the dental and medical benefits you are entitled to as public retirees. These lawsuits are expensive and RPEA appreciates any and all financial support you can provide to help it bring these lawsuits to a successful conclusion.

.



We Need You!!

Bob Grove
Membership Director

The Retired Public
Employees of Alaska
(RPEA) needs you to help
us help YOU!

RPEA's primary mission is to protect the rights and benefits of Alaska's retired municipal government employees, state employees, and teachers.

Our benefits have been under attack from the State of Alaska for several decades. Unfortunately, we have had to sue the State more than once to prevent the diminishment of our constitutionally protected benefits.

We sued the State in 2000 (RPEA vs. Duncan) . This lawsuit went to the Alaska Supreme Court which ruled in RPEA's favor. This has not stopped the State from further efforts to eliminate or diminish our benefits.

In 2016 we had to file another lawsuit against the State for trying to significantly reduce our Dental, Vision and Audio Plan (DVA) (RPEA vs. Tshibaka). RPEA won this lawsuit, the Court ruling 100% in RPEA's favor. The State has appealed the Superior Court decision, and this lawsuit is currently before the Alaska Supreme Court. We expect a ruling in our favor later this year.

In 2018 RPEA had to file its third lawsuit over an attempt by the State to diminish PERS and TERS retiree Medical Plan benefits (RPEA vs. State of Alaska, Department of Administration, Division of Retirement and Benefits). This lawsuit is currently scheduled for trial

in July.

All of the history and rulings referenced above are posted on RPEA's website. <https://rpea-ak.org/>

These issues, as well as others such as how the Unfunded Liability affects our constitutionally protected Pension Plan, are issues that RPEA continually monitors and fights to protect.

RPEA is a group of volunteers who cannot fight this battle alone. We need your help and support. If you want assurance that your benefits and pension plan will remain protected from these threats please join us and help us help you by becoming an RPEA member, or if you already are a member, renewing your membership. Together we can help guarantee that your benefits will be there as long as you need them.

Please take this opportunity to join or renew your RPEA membership at <https://rpea-ak.org>

If you know other public employee retirees who are not members of RPEA, please tell them to join!!

Thank you!



Legal Donations Keep
Pouring In!

Kris Warren, Treasurer

I am most gratified to report that as of the end of March, 322 of you have donated \$28,365 to RPEA's legal fund!

On behalf of your Executive Board, thank you so much for your generosity. Additionally, many of you have renewed your memberships during the past few months, further adding to our bank account while increasing our membership numbers to nearly 5,400.

RPEA's primary mission is to protect our constitutionally protected benefits for which we have paid during our public service careers. Beginning in 2014 those benefits were diminished by the State when they contracted with Aetna and Moda to administer our medical and dental, vision and audio (DVA) plans. We take our mission seriously and pursued litigation to protect those benefits only after years of negotiations with state officials failed to produce results. Your financial assistance to support our efforts in this regard are most appreciated by your Executive Board. Further donations will continue to be gratefully accepted to help our cause.

Donations may be made by credit card at this link from our website or mailed to the office at PO Box 110650, Anchorage, AK 99511-0650:

<https://rpea-ak.org/legal-fund-donation.html>



I NEED HELP!

(Getting our communications out to more members...)

Duncan Shackelford
Communications Director

I just wanted to take a minute and congratulate Bob Grove and Kris Warren for leading the success that we have been having, with

recruitment and retention of our membership. By reaching out with our newsletter and connecting with these folks, we've added many new people to our enrollment and have raised thousands to help with our legal defense fund.

With all that being said, please continue to be involved and have your voice heard! If you change your email address or mailing address, please be sure to let me know so you won't miss newsletters and updates that we send to our membership.

For those receiving this newsletter via US Mail--please send us your email address, so you will receive all email updates. We are attempting to continually evolve our newsletter and make it the publication we can all be proud of!

There is a lot going on, such as--

- Tshibaka vs. RPEA, involving the changes made by the DRB to the dental plan.
- Metcalfe vs State over the extent of protection afforded benefits under the Alaska Constitution.

Remember

If we can't reach you,
we can't keep you informed

Please send your 'here's-where-I-am'
change of mailing address or email address to:

manager@rpea-ak.org

Thanks!
Shack

Legislative Information
Committee Update

Cindy Spanyers



When Alaska closed its Defined Benefit



Retirement Plan (DB) to all new public employees and educators in 2006, we became one of the few public employers in the country to not offer some type of secure pension to its workers. Compounding the problem, is the fact that most public employees and educators do not earn social security. There are major differences between a DB (PERS Tier I-III and TRS Tier I/II) and a Defined Contribution Retirement Plan (DC): a DB retirement promises a specific amount upon retirement, calculated on years of service and wages, and health benefits. On the other hand, DC plans are based on the amount of contributions made into the employee's account, similar to a 401-k. The entire risk and cost is placed on the employee who may outlive the amount saved.

As of the last quarter in 2020, there were a total of 10,780 active employees within PERS Tiers I through III, and more than 24,000 active Tier IV employees in the DC plan. More than 36,000 retirees are collecting a defined benefit. In TRS, there were 3,819 active employees in Tiers I/II and 6,432 active employees in Tier III, the DC plan. There are more than 13,000 retired educators in the TRS system.

In short, none of those 30,000 plus public employees and educators in the DC plan currently has a secure retirement. Furthermore, in order to earn health benefits, they must retire directly from the system and, if not eligible for Medicare, they must pay the full premium.

Since the system closed, Juneau senators have taken the lead to rectify the situation. Three years ago, newly elected Senator Jesse Kiehl took up the battle to provide a sustainable retirement program for all new employees.

If passed, SB 37 would allow an option for new employees to choose between a Defined Benefit and the current DC plan, which could be preferable to those who want a portable plan.

Other employees, especially those who plan to remain in Alaska, would likely prefer a DB plan as a more dependable option. While it gives employees more retirement certainty, the new tiers are structured to eliminate risks. That includes increasing worker contributions from the last DB tier; reduced health care benefits with future retirees a paying larger share of the costs; and could mean further reductions in benefits if health care costs increase beyond break-even cost levels.

There is one important benefit to restoring a DB plan for everyone: past actuarial analysis of similar bills has shown that this structure will save the

state money in the near term and will be cost neutral or better in the long term. SB 37 was assigned to the Senate Labor and Commerce Committee then the Finance Committee.

Kiehl's legislation isn't the only one to address restoring defined benefits. Representative Andy Josephson introduced HB 55 but it is significantly different than SB 37 in one major respect: HB 55 would create a new hybrid retirement plan option for peace officers and firefighters only. These groups have successfully demonstrated significant recruitment and retention problems as trained professionals leave for positions out of state to pursue careers with DB plans. HB 55 seeks to retain first responders by providing a defined benefit but with financial safeguards to help keep the new tier financially viable by allowing the Alaska Retirement Board to reduce the automatic post-retirement pension adjustment. According to the accompanying fiscal note, the bill mandates a minimum retirement age of 55 with 20 years of service flexibility and prohibits "pension spiking."

House State Affairs has held several hearings on HB 55 and is expected to move the bill out of committee Thursday afternoon, April 15th.

For more information on this subject, please listen or watch Senator Kiehl's recent presentation to the SC Chapter of RPEA by going to https://rpea-ak.org/sc/chapter_sc_meeting_notes.html. Information on both bills can be found on akleg.gov.

News from the Southcentral Region Chapter

Chapter Membership Meetings: The Southcentral Chapter meets quarterly, except over the summer. Our last regular Chapter meeting will be on June 8th at 11 a.m. to 12:30 p.m. Jeanné Larson with the Medicare Information Office will be talking to us about what Medicare covers for long-term care services.

Special Presentations: Now that we are meeting on Zoom, the Southcentral Chapter has started having special presentations between our regularly scheduled meetings. The next special presentation will be May 19th from 11 a.m. to Noon. We have arranged a presentation by Steve Ramos with the Alaska Division of Retirement and Benefits' and the DRB AlaskaCare Team on the topic of "State Long-Term Care Insurance Plans: What Do They Cover and When Can You Use Them." All RPEA members are invited to join us for these presentations. The Zoom link and meeting topics can be found on the RPEA Southcentral Chapter webpage at: https://rpea-ak.org/sc/chapter_sc.html.

RSVP for Meetings: Prior to our chapter meetings and special presentations, an email notice is sent to remind chapter members of the meeting date and time. We include an RSVP link to get a better estimate of the number of members who will be attending. Thank you for RSVPing for our meetings!

2021-2022 Chapter Membership Meetings: Starting next fall, the Southcentral quarterly chapter meetings will be held on the second Tuesday of September, November, February, and May. This is a change from our previous schedule, but we are still meetings four times a year. We hope to start meeting in person at the Anchorage Senior Activity Center in 2022. Until then, we will continue meeting on Zoom. Our meetings dates will be September 14 and November 9, 2021, and February 8 and May 10, 2022.

RPEA Chapter Website: The Southcentral Chapter wants to remind its members that the RPEA website is a great source of information and to encourage members to regularly visit the site at rpea-ak.org. From there visit the Chapter's home page where you will see upcoming meetings as well as information under Quick Links - meeting agendas, chapter news, and other information of value to members. Click on 'Meeting Agendas' to access handouts and meeting recordings from previous chapter meetings and special presentations.

Please do not hesitate to contact Southcentral Region Vice President and Chapter Chair Wendy Woolf or any of the officers of the Southcentral Chapter Board at rpea.sc.chapter@gmail.com.



RPEA Executive Board

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