

IMPORTANT NOTICE REGARDING ANNUITANT MEDICAL AND DENTAL PREMIUM OFFSETS

[For a historical perspective on this subject, refer to the SCERS website at www.saccounty.net/retirement then click on Newsletters and re-read: *The Latest Wrinkle*, particularly the September 2002, March 2003, and March 2004 editions; and, *The Finish Line*, December 2003.]

No SCERS Earnings Available for Fiscal Year 2004-2005 Offsets

At the November 20, 2003, SCERS board meeting, the board acknowledged the nonavailability of SCERS earnings for annuitant medical and dental care premium offsets for SCERS annuitants who are enrolled in Sacramento County-sponsored plans for Fiscal Year 2004-2005. The offsets, provided in various forms since 1980, had always been approved contingent upon the availability of SCERS “excess” earnings arising from SCERS investment performance. The board was told that, due to investment portfolio underperformance over the last several years (as with most institutional investors) largely attributable to lagging economies and the extended “bear” stock markets which, in turn, were exacerbated by international terrorism, corporate fraud scandals and lack of consumer confidence, excess earnings do not exist. It follows, they acknowledged, that absent SCERS excess earnings, without a determination by SCERS membership employers to pay for FY 04-05 offsets in some manner or fashion, these nonvested premium offsets will cease to exist.

Board of Supervisors Approves Offsets for “County Retired” Annuitants

At the Board of Supervisors’ meetings of February 3 and 10 and March 16, 2004, the Board of Supervisors heard compelling stories and compassionate appeals from the Sacramento County Retired Employees’ Association and from SCERS annuitants, requesting that “county” monies be allocated to pay for FY 04-05 medical and dental care offsets. At the March 2 Board of Supervisors’ meeting, actuarially projected costs of four possible offset scenarios were made public. At the meeting of March 16, the Board of Supervisors formally adopted a medical and dental premium offset program for Sacramento County retired annuitants who are enrolled in Sacramento County-sponsored plans.

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For Sacramento County retired annuitants* the FY04-05 medical premium offset program amounts are a continuation of those in effect for FY 03-04, specifically:

**If the county retiree’s
years of SCERS
credited service is:**

**Then, the maximum
monthly offset is:**

	<u>Existing Program</u>	<u>New Program</u>
	<u>FY 2003-3004</u>	<u>FY 2004-2005</u>
Less than 10 years	\$122	\$122
10yrs, but less than 15	\$152	\$152
15yrs, but less than 20	\$182	\$182
20yrs, but less than 25	\$212	\$212
25 or more years	\$244	\$244

In addition, the County will continue to offer a dental care program with Delta Dental for retirees and eligible surviving spouses*. For County retirees, the County will pay the retiree-only dental premium and retirees will have the option to add spousal coverage at \$27.19 per month.

***These offsets will not apply to annuitants whose SCERS membership employment was with an entity other than the County of Sacramento unless the governing body for such entity opts to provide them.**

[Legal instruments under which the Sacramento County Retiree Health Care Program for Fiscal Year 2004-05 is created provide that the plan does not create any contractual, regulatory, or other vested right or entitlement to either present or future retirees, their spouses or dependents to any particular level of subsidization cost, or subsidization at all. Whether health plan offerings continue is vested within the sole discretion of the Sacramento County Board of Supervisors. Whether or not subsidization continues, and if so, the level of the subsidy, or whether or not a participating employer continues participation in the County Retiree Health Care Program, is vested within the sole discretion of each eligible, participating employer through agreement with the County of Sacramento.]

Supervisors' Action is Not Applicable to Non-County Retirees

The Board of Supervisors-approved offsets, by virtue of that Board's actions alone, do not apply to the approximately one hundred SCERS annuitants whose SCERS monthly allowance stems from non-county SCERS membership service, e.g., it does not apply to retirees or employees or past employees from: Sacramento Employment and Training Agency; Florin Fire Protection District; Sacramento County Metropolitan Fire Protection District; North Highlands Fire Protection District; Carmichael, Mission Oaks, Orangevale and Sunrise parks districts; and Elk Grove, Galt-Arno and Fair Oaks cemetery districts.

Only in event that those entities' governing bodies approve a medical and dental benefit, will those entities' annuitants be provided medical or dental premium offsets for the 2004-2005 fiscal year.

If you are an employee or former employee of a SCERS member district and are a SCERS member by virtue of service with any entity other than Sacramento County, and are planning to retire in Fiscal Year 2004-05, you might attempt to contact such former employer to inquire as to whether or not such former employer might provide for premium offsets. Otherwise, if concerned, contact the County's Employee Benefits Office.

Policy Changes

Effective January 1, 2005 the following eligibility rules will apply to all retiree medical and dental plan participants, regardless of the amount of subsidy (if any) provided by the employer:

10 years of SCERS service is required for medical/dental coverage eligibility. Individuals who begin receiving retirement benefits on or after January 1, 2005 must have at least 10 years of SCERS service in order to be eligible to participate in the medical and/or dental program. (Note: If you currently have less than 10 years of service, you are eligible to participate under the current program eligibility rules if you start collecting retirement benefits **on or before December 31, 2004.**)

Spouses must be covered under the retiree medical and/or dental program at the time of a retiree's death in order to continue health coverage. Only spouses who are covered by the retiree medical and/or dental program at the time of the retiree's death will be eligible to continue to purchase coverage through the County program. A spouse may only be enrolled in the retiree dental plan at the time of retirement and initial enrollment. Under the retiree medical plans, a spouse and/or dependent children may be initially enrolled at retirement, or added to coverage during the annual enrollment each year.

**County Employee Benefits Office to Administer Dental Plan Along
With Medical Plans**

The Employee Benefits Office is responsible for administering and maintaining information about eligibility for County-sponsored annuitant medical and dental plan coverage for FY 04-05.

Effective Date Of Changes

All changes noted herein become effective on July 1, 2004. This means that the first annuitant monthly warrant that will reflect the changes will be the automatic deposit or the warrant mailed at the end of July 2004.

For More Information

For more information about subsidization for retiree medical or dental plans, or eligibility for coverage under these plans, contact the County's Employee Benefits Office at the following numbers:

If your last name begins with:	<u>A-G</u>	<u>H-O</u>	<u>P-Z</u>
	874-5569	874-5582	874-5568