



Regional Water Authority
BUILDING ALLIANCES IN NORTHERN CALIFORNIA



Regional Water Authority

Modifying Retiree Health Benefits



PEMHCA Requirements

- Retirees must be allowed to continue coverage if agency has contract with CalPERS for active employees
- Contributions for retirees must be equal to contributions for active employees
- No minimum service requirement except under 100/90 Vesting Resolution
- Minimum contribution of \$136/month



Resolution 2007-03

- 5 Years at RWA
- 10 – 20 years total CalPERS service
 - 50 – 100% benefit
- Retire from RWA*
- 100/90 Benefit (2018)
 - \$734 retiree
 - \$1398 retiree +1
 - \$1788 retiree +family
 - Medicare supplement



Current Status

- Two retirees under Resolution 1993-06
- One retiree under Resolution 2007-03
- Six active employees under 2007-03
 - 4 vested and CalPERS retirement age
- Combined Monthly premium for retirees - \$2,100
- CERBT Trust established



Goals

- Maintain commitment to current retirees
- Maintain retirement commitment to current active employees
- Reduce long term retiree cost for future employees
- Maintain competitive benefits that allow us to recruit and retain employees



Alternative

- Adopt CalPERS minimum resolution
- Establish a “Cafeteria” flexible benefit plan under IRS Code Section 125
- Establish a Health Reimbursement Arrangement (HRA)
- Determine retiree health benefits for new employees



Strawman Proposal for Retiree Health

- Tier 1 - \$400/month cap. Retired on or before August 31, 2007
- Tier 2 – 100/90 amount. 5 years at RWA to vest. Hired on or before June 30, 2019 and retired after September 1, 2007.
- Tier 3 – Hired on or after July 1, 2019
- All tiers
 - \$136 CalPERS minimum payment paid to CalPERS
 - Remainder paid directly from RWA to retiree



Strawman Proposal for Retiree Health

- 10 years at RWA to vest
- Based on 100/90 Amounts
- 50% with 10 years increasing to 100% at 20 years
- Up to 5 years credit for other CalPERS Service



Strawman Proposal for Cafeteria Plan

- Active employees highest of four most subscribed CalPERS Plans
 - \$2200 vs. current \$3000
- Cash option – ½ of employee only allowance
 - Roughly \$500
- Policy is defined. Amounts update annually.



Timeline

- *Direction to Proceed – November 2018*
- Draft Resolution, HRA, Cafeteria – February 27, 2019
- Board Action – March 14, 2019 or May 2, 2019
- CalPERS Approval – May 1, 2019 or July 1, 2019
- Effective Date – July 1, 2019



Questions and Discussion