



## From the President...

*by Jerry Herman, PRO President*

The officers and board of PRO wish you the best of health and prosperity for 2005. PRO has begun the year very well. The Executive Board has been elected, and it's a formidable bunch: Remo Arancio, George Herring, Phyllis Jones, Ed Minasian, Shirley Nedham, George Pacheco, and Alex Pappas. Though we're all retirees now, the board members come from faculty, staff and administration. Their knowledge and activism are outstanding. We will have our first meeting in late January, and I can't wait to set PRO's direction and agenda for 2005 with these exceptional people.

Peralta celebrated its 40<sup>th</sup> anniversary with a gala dinner, a fundraiser for the Peralta Foundation, on December 7. Juanita Peterson, PRO secretary; Shirley Timm, treasurer; Remo Arancio, interim vice-president; and I were there to represent PRO. As well as recruiting membership from old friends and colleagues, we lobbied Peralta board members and administrators to let them know that PRO has been established and will be a force to reckon with. PRO was acknowledged at least three times from the podium by MC and PRO member Ralph Marinaro.

Our chief concern as Peralta retirees is the maintenance of our lifetime health care benefits. With this in mind, we try to monitor the district in its activities regarding benefits. We are all aware of the debacle in the transition from Blue Cross to CoreSource/Interplan. We still get complaints from retirees about medical services, payment, etc., and we try to intervene on their behalf whenever we can. Thankfully there have been progressively fewer complaints, and we hope all the kinks can be worked out as soon as possible. See Alex Pappas' article in this issue of the newsletter. He unravels some of the mysteries of CoreSource/ Interplan procedures for us.

A significant part of the transition problems occurred because the district did not have a permanent benefits co-coordinator. Mike Baldinelli, who in the assessment of many was doing a fine job as benefits co-coordinator, was fired in the spring. He has yet to be replaced. Jeanette Dorsey came out of retirement to fill in as interim benefits co-coordinator. Karen Anderson has been transferred to another department. Jeanette's contract expires January 31,

and she has no intention of renewing it. The district has interviewed seven candidates for the job, and with any luck, the position will be filled by a permanent benefits co-coordinator on February 1. It's about time! But we're talking about Peralta, so stay tuned.

## PRO Board Election Results

Ballots for the election of PRO Board Members were counted during the first week in January. The following PRO members were elected to serve on the PRO Board:

**Remo Arancio**  
**George Herring**  
**Phyllis Jones**  
**Ed Minasian**  
**Shirley Nedham**  
**George Pacheco**  
**Alex Pappas**

The first Board meeting is scheduled for the end of January, 2005.

## Blue Cross – CoreSource: The Structural Difference

*by Alex Pappas, PRO Board Member*

*What follows is a brief summary of CoreSource and Interplan functions. PRO's fringe benefits committee (in the succeeding months) will develop a more detailed summary.*

**Blue Cross** alone performed the functions of administration, provider network maintenance, and claim payments. This is not the case with CoreSource.

**CoreSource** is our administrator and ultimate payer of our claims (but not the initial processor of them).

**Interplan**, a separate corporation is where our claims are initially submitted. Its Stockton, CA office services Peralta. Interplan's complete address is on the back of your ID card. **Approved providers** will normally bill Interplan directly. Interplan's main claims function is to verify that the amount billed by the provider is in

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# Ten Do's And Don't's in Leaving an Estate . . .Part 1

by Shirley M. Timm, PRO Treasurer

*(Editor's note: This is the first of a two-part article which discusses some aspects of estate planning. The second half of the article will appear in the April-June Newsletter. For those who want to see the entire piece now, the full article is available on the PRO Website at: <http://www.peraltaretirees.org/Docs/estpl.htm>)*

First, let me state that I am not a lawyer, and suggest that one consult an individual, competent and qualified in preparing trusts and/or wills, to prepare an estate for distribution following one's inevitable demise. Such persons can be found by contacting the California Bar Association. However, if one wishes to tackle the task alone, then obtaining, and carefully reading *8 Ways to Avoid Probate* from Nolo Press Bookstore is a good place to start. While there are a number of inexpensive organizations/individuals writing trusts, one should exercise caution in using them. All remarks below apply only to California, and almost all have been confirmed by several of my legal friends, including a Superior Court Judge.

**Don't #1—Do nothing!** If one dies without a will or other means to transfer assets in California, the estate will be distributed by state established protocols either by (1) a state appointed executor/administrator who will be paid from the estate, or (2) an individual (usually a relative) who petitions, and is approved to administer the estate without pay. And, if the assets exceed \$100,000, the estate will need to be probated with time-consuming, strict court supervision, and costs to come from the estate before any heir receives a nickel. The California Probate Code is extensive, very statute-specific, and covers not only wills and trusts, but many other areas, such as guardianship, conservatorship, and health care. So if one does nothing else, getting a valid will written in accordance with California laws is a must. And make sure that at least the Executor has an original of the will, and that a close family member knows who has the original, and preferably also has a copy.

I acquired the following data while assisting in the settlement of two estates in the last year. One had a trust (which included a house), a pour-over will (a simple will to cover residual items of the estate not included in the trust), a joint bank account, and a dog. The second had a holographic will (hand-written, not printed or typed, not witnessed, not notarized, but dated and signed by the maker), a mobile home, an IRA, a credit union account listing beneficiaries, and a cat. Both decedents had powers of attorney for health care. Both had total assets in excess of \$100,000, yet neither had to go to probate. Why?

There are numerous ways to transfer assets: naming someone as a beneficiary, having someone on title to

property, and writing a will. They are all independent. The only assets that go into probate (or the estate - with or without probate) are those **not otherwise disposed of** (i.e., those left over).

To summarize parts of Section 13050 of the California Probate Code, the following shall be excluded in determining the property or estate of the decedent or its value:

(1) Any property or interest or lien thereon which, at the time of death, was held by the decedent as a **joint tenant**, or in which the decedent had a life or other interest terminable upon death, or which was held by the decedent and passed to the surviving spouse pursuant to Section 13500. This excluded property shall include, but not be limited to, property in a **trust revocable by the decedent during his or her lifetime**.

(2) A multiple-party account to which the decedent was a party at the time of death, whether or not all or a portion of the sums on deposit are community property, to the extent that the sums on deposit belong after death to a surviving party, a pay-on-death (P.O.D.) payee, or beneficiary.

(3) Any vehicle registered or titled under the Vehicle Code.

(4) Any vessel numbered under the Vehicle Code.

(5) Any manufactured home, mobile home, commercial coach, truck camper, or floating home registered under the Health and Safety Code.

In addition, other sections of the Probate Code exclude IRA's, life insurance, and estates valued under \$100,000 from probate. Thus neither estate had to be probated after all the excluded items were subtracted from the total assets. However, there were some complications in each.

**Do # 2—Give the power of attorney for health care (PAHC) to someone residing nearby, who is willing and able to comply with the wishes of the individual.**

In the first estate, the individual holding the PAHC lived nearby and made the necessary decisions regarding care and medication. In the second estate, the responsible person lived in Hawaii, and would not have been immediately available to act had the need arisen; and, as a result, the wishes of the individual may or may not have been carried out by the hospital/doctors/care facility had he been unable to communicate his wishes.

**Do # 3—The trust needs its own bank account** for depositing money from/due the estate, and the SSN of the decedent can no longer be used, so an Employer Identification Number (EIN) must be obtained from the IRS using Form SS-4. Obtaining the number is easy—either online or by telephone; however, filling out the form, with six pages of instructions, is not.

**Do # 4—Enter the date the living trust was created** (by the decedent) **instead of the date it became irrevocable** (the date of death) **as an estate**. Using the former date instead of the latter date will trigger the IRS into demanding taxes for all the years prior to death, and will require numerous letters, usually from either an attorney or CPA, to convince the IRS no taxes were due, since the trust was not a separate entity until the initial trustee's death, and that taxes, if any, had been paid under the decedent's SSN prior to death.

A revocable living trust is a trust created during the lifetime of a person, the initial trustee, usually to avoid probate. This trustee has the right to use or mortgage the assets in the trust, change terms, or revoke the trust, and is responsible for paying any taxes accrued by the trust under his own SSN. Upon the death of the initial trustee, the trust becomes irrevocable and may no longer be changed or revoked, the decedent's SSN can no longer be used, and an EIN must be obtained from the IRS before a bank account can be opened for the monetary assets of the estate. The successor trustee, named in the trust document, is responsible for managing and distributing assets as set forth in the trust document. Under no circumstances should the estate assets be mixed with any individual's personal assets.

*(To be continued in the April-June Newsletter)*

## Have you had a good experience with an attorney who does estate planning?

PRO is compiling a list of attorneys recommended by PRO members who have had estate planning done. We will post member recommendations on the PRO website and in the next PRO Newsletter. Send attorney names and contact info to the PRO PO Box or email the info to: [bfjacobs@covad.net](mailto:bfjacobs@covad.net)

## Medicare – Why It's Important That You Enroll...Part 1

*by Alex Pappas, PRO Board Member*

You have received many requests from the District, PFT, and PRO to be sure to enroll in Medicare if you are age 65 or over. This will lower the District's costs, which will help the District stay financially afloat so your medical coverage is maintained as promised for life.

**Only you can enroll yourself in Medicare.** There are three ways to do this. (i) You contact your nearest Social Security office and apply. (ii) You can also do this by calling their (800) 772-1213. If you stay up late at night that's a good time to call. They are open by telephone 24/7. (iii) Go to: <http://www.medicare.gov>.

The District will reimburse you for any premiums billed to you by Medicare. In certain cases STRS will also contribute. **It will not cost you one penny to enroll in Medicare.**

Most of you have responded well to this request to enroll for which we thank you. If for some reason you (and your spouse/registered domestic partner) have not yet enrolled in Medicare please do so during the open enrollment period during the months of January, February, and March (2005). That is the only time you can enroll in Medicare except the year you turn age 65. Coverage begins July 1, 2005.

**Anyone age 65 or over can enroll in Medicare.** There are two categories of persons who apply for Medicare.

1. Those who are eligible for Medicare because they have acquired the 40 quarters (ten years) of coverage required for eligibility. (Employment in the private sector, military service, and being a dependent of someone eligible for Medicare can help make one eligible.) Medicare premiums for this group are: Part A (hospital benefits) is "free." Part B (outpatient benefits) is not free. The basic premium is \$78 per month if a person enrolls at age 65. For those enrolling after age 65 a 10% surcharge is added to the basic for each year over 65. A person enrolling at age 70 pays \$78 plus 50%.

2. Those who are not eligible for Medicare. The required premiums are:  
Part A (hospital benefits) – Premium depends on quarters of coverage:  
30 to 39 quarters - \$206 per month (\$2,472 per year)  
Under 30 quarters - \$375 per month (\$4,500 per year)

Once again, the District will reimburse you 100% for all premiums billed to you by Medicare. Many of us have been reimbursed for the past several years so this is a known fact!

**If the District pays our premiums how does it save money?**

The short answer is the Kaiser and CoreSource insurance costs are reduced significantly more than the Medicare premium cost to the District.

The long answer plus explaining under what circumstances STRS will pay the Medicare Part A (hospital) premium, and rights of surviving dependents will be covered in Part II of this article in the next newsletter.

*Pappas ... continued from Page 1*

accordance with their agreement. If the amount billed is incorrect (i.e. too high) it will be “adjusted” by Interplan to the correct amount then forwarded to CoreSource (Tucson office) for payment. Kim at CoreSource is most helpful. (866) 280-4120.

It is estimated that about 90% of the Interplan providers are also Blue Cross providers. It is important you verify that your providers are approved by Interplan so you get maximum benefits. If one of your providers is not approved by Interplan you can fill out a simple form requesting they be added. The form is available on the web site. (See “Contact Information” below.)

**Non-approved providers.** If you use a provider not approved by Interplan you should submitted your itemized bill(s) to Interplans’ Stockton office with a cover letter briefly explaining your claim. Interplan does not use a claim form. Make sure your name, ID number (Social Security) and Peralta group number (i.e. #4138) is on each piece of paper you are submitting. Write “Peralta” after the group number. Most non-approved providers will not submit a claim for you.

**Medco** is our prescription drug provider. It is a separate corporation. (800) 818-0093  
RX Group #PCCDRX1

## CONTACT INFORMATION

PRO website: [www.peraltaretirees.org](http://www.peraltaretirees.org)

CoreSource website: [www.coresource.com](http://www.coresource.com)

Interplan website: [www.interplancorp.com](http://www.interplancorp.com)

Medco website: [www.medcohealth.com](http://www.medcohealth.com)

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## Social Security Info of Interest

*By Anne Whitehead*

Given the current preoccupation surrounding Social Security within the Bush administration, we have an opportunity to **support** some current worthy legislation (HR 594 and S 349) regarding the **repeal** of The Pension Offset and Windfall Elimination Provisions which adversely affect public employee retirees with pensions through STRS and PERS.

Please phone, email or snail mail our California Senators, Dianne Feinstein and Barbara Boxer, as well as your own member of the House of Representatives to register your **strong support for the repeal** of these measures.

Sen. Feinstein 415-554-6141

Sen. Boxer 415-403-0100

For Peralta retirees negatively impacted by the legislation in place, PRO is searching for members who are willing to serve on a committee dedicated to rigorously campaigning for the passage of these bills.

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### Peralta Retirees Organization

P. O. Box 1951

El Cerrito, CA 94530