



# The Peralta Retiree

April - June 2013 Vol. 9 No. 3

<http://www.peraltaretirees.org>

## From the President...

*by Jerry Herman, PRO President*

### My Disappointment

In the last PRO newsletter, I announced that PRO was initiating a wellness project, a venture that would involve activities designed to keep us healthier in our retirement years. I cited all sorts of statistics that showed how unhealthy so many Americans are and how relatively simple changes in diet and physical activity could improve that. I argued that American medicine has traditionally focused on treatment of illness rather than its prevention, which has been a big factor in Americans' health issues.

To kick off the project PRO was to sponsor a luncheon presentation by Indra Thadani, Laney's Health Services Coordinator and Director of Peralta's Wellness Project, to be held in Laney's Bistro restaurant. Imagine my disappointment when thirteen PRO members signed up for the luncheon, only five of whom are not on the PRO Board. We had to cancel the presentation because of the poor response.

There were issues which prevented us from giving members more than ten days lead time, but still, only five of more than 200 Bay Area PRO members???

Maybe I'm beating a dead horse (death caused by preventable obesity), but I still think the project is worthwhile. Of course there is no point in pursuing it if PRO members don't want it. The last thing I want to be is Nanny Jerry telling you to eat your vegetables and tsk-tsking anyone's couch potato lifestyle. I know, as well, that many of you are already engaged in wellness activities and don't need more. I am aware that PRO's primary objective is to safeguard our Peralta health bene

*(Continued on page 8)*

## PRO is having a Spring Garden Party and Fashion Show

**You're Invited!**

**Saturday, May 18**

**2-6 PM**

**\$10/Person**

**Details on Page 3**

### ***Inside This Issue . . .***

<b>CalPERS LTC Rate Hike .....</b>	<b>p. 2</b>
<b>Garden Party .....</b>	<b>P. 3</b>
<b>STRS Shortfall .....</b>	<b>P. 4</b>
<b>Theater Party Photos .....</b>	<b>P. 5</b>
<b>Preparing for Long Life .....</b>	<b>P. 6</b>

## PRO T-Shirts Available



You can order a PRO T-Shirt. Shirts are turquoise, 100% cotton and available in S, M, L and XL sizes. \$20 per shirt

To Order: Mail a check made out to "PRO" for \$20 for each shirt. Designate the size(s) you want and include your name and a mailing address. Send your check to PRO, 1250-I Newell Ave., #162, Walnut Creek, CA 94596

## Welcome New Member

*PRO welcomes the following retiree who has recently joined.*

**Judith Cohen**

### Peralta Retirees Organization

1250-I Newell Ave., #162  
Walnut Creek, CA 94596

<http://www.peraltaretirees.org>

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Volume 9 Number 3

## CalPERS Plans 85% Rate Hike for LTC Insurance

More than 110,000 CalPERS policyholders have received news that the pension fund's board approved an 85% rate increase late last year. CalPERS said the hefty rate hikes won't take effect until 2015 and are necessary to keep this \$3.6-billion insurance fund intact for future claims. This CalPERS program, like other plans sold by private insurers, has been plagued by higher-than-expected claims, lower investment returns and poor pricing.

"We understand people's anger and frustration," said Bill Madison, a CalPERS spokesman. "It's not something the board wanted to do, but it's necessary so benefits are available to people when they need it. We know these rate increases can be a financial hardship."

Insurance regulators in California and other states say insurers too often underestimated the cost of care and the number of customers who would hold on to these policies. These plans typically help pay for nursing-home stays, home-health visits and other residential care that's generally not covered by Medicare.

CalPERS, which runs the nation's second-largest long-term-care plan, after one for federal government employees, said it would offer affected policyholders several ways to adjust their benefits to avoid these premium increases. For instance, customers can drop the option of having benefits that automatically increase with inflation or they can forgo lifetime benefits in favor of a finite period or amount. CalPERS said it would ask policyholders to make a decision on any changes by June 30.

Overall, the agency has more than 148,000 policyholders in its long-term-care program. Some policyholders will see a 5% rate increase this year, while most will see the bigger 85% increase starting in 2015. The 85% increase primarily affects about 110,000 people who purchased the agency's policies from 1995 to 2004 that provided lifetime benefits.

The giant pension fund said it is taking numerous steps to shore up the struggling program. Thursday, the CalPERS board of administration approved plans to reopen enrollment by the end of the year and to offer newly designed long-term-care policies aimed at fortifying the program with new premium dollars. Enrollment has been closed since 2009.

*(Continued on page 7)*

# It's Spring! Time for PRO's Garden Party and Fashion Show

## You're Invited!

### Saturday, May 18 ■ 2-6 PM



We'll be gathering in the garden at the home of Shirley Conner at 1624 San Jose Avenue, Alameda, CA. There will be hors d'oeuvres, wine, non-alcoholic beverages, a fashion show, entertainment, and, of course, door prizes.

**Women are encouraged to wear their fancy hats!!**

**\$10/person**

**Reservations required by May 9**

To reserve complete the form, enclose a check made out to "PRO" and mail to: PRO, 1250-I Newell Ave., #162, Walnut Creek, CA 94596. Please print.

✂

Name \_\_\_\_\_ # of People \_\_\_\_\_ X \$10 = \_\_\_\_\_

Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Telephone \_\_\_\_\_ Email \_\_\_\_\_

I need driving directions

Mail to: PRO, 1250-I Newell Ave., #162, Walnut Creek, CA 94596

**Projected shortfall for 2046**

# Improving the Fiscal Health of STRS

By David Bacon

Public employee pension funds have taken serious hits due to the fiscal problems of the past decade, first with the dotcom bust, and then the 2008 Wall Street crash and recession. The funds invest money contributed by workers, employers and sometimes government bodies. When the market rises and the value of investments increases the funds do well. But when the market falls the value of those accumulated contributions falls as well.

The California State Teachers Retirement System (CalSTRS) is no exception. In the worst year of the current recession, 2009, it lost 25% of the value of its assets. That precipitated a discussion in California that has been a long time coming.

## This isn't a crisis

Sharon Hendricks, a member of the Los Angeles Community College Guild, AFT Local 1521, is also the elected community college representative on the board that oversees CalSTRS. "This isn't a crisis," she emphasizes. No one is in danger, she points out, of losing his or her pension, disability or survivor payments—the benefits funded by the system. "But we have a long term problem. We can fix it, but we have to take some action now. I'm going to retire myself in 30 years, and like many other members, I will need the benefits then that CalSTRS was built to provide."

The problem CalSTRS faces is that the combination of the contributions currently being made by school employees, school districts and the state of California, plus the

expected rise in value of the fund's assets over time, is not enough to meet the fund's expected obligations by the time Hendricks and others retire. The fund has a projected shortfall of \$64 billion, looking at what it will have to pay out by then.

## Defined benefit plan

CalSTRS is a defined benefit plan, meaning that the benefits teachers receive on retirement are defined by a formula, not by the amount of money in the fund. Currently the formula for those employed through the end of last year is called "2% at 60." Teachers who retire at that age receive 2% of their final salary at retirement times years of service. For those hired starting this year the formula is "2% at 62," which advances the qualifying age two years.

The formulas are actually more complicated (detailed information is available on the CalSTRS website, [calstrs.com](http://calstrs.com)). The average pension replaces about 53% of salary at retirement in 2012. CalSTRS members don't receive Social Security for their CalSTRS-covered employment, so the pension is often a retiree's sole income. Further, most CalSTRS retirees don't receive employer-paid health coverage after 65.

CalSTRS benefits are funded by contributions from teachers (8% of their payroll), employers (8.25% of payroll), the state (5.25% of payroll) and investment earnings. Those contributions haven't increased for a long time—the last employer increase was 22 years

ago, and for teachers, 40 years ago.

The impact of the fiscal crises, however, makes it unreasonable to count on investment returns alone to restore the system to full funding. In order for this to occur CalSTRS estimates it would need to earn at least 17% in investment returns each year for the next five years, followed by 25 years of 7.5% investment returns to achieve full funding in 30 years; no one thinks that's going to happen.

## Options

The state Legislature, therefore, passed Senate Concurrent Resolution 105 in 2012, telling CalSTRS to give it a choice of options for fixing the problem. The CalSTRS board of trustees has no power, under the state Constitution, to change contribution rates. This can only be done by legislation. The Legislature is on the hook if the shortfall isn't fixed. Fiscal predictions say that without action, the fund's assets will be gone by 2046. If that happens, the state would have to pay benefits due under the plan from its general fund.

Last year the fund paid \$10.7 billion in retirement, disability and survivor benefits.

Of the alternatives, one would be to do nothing and hope insolvency doesn't occur. Another possibility considered in the report to the Legislature is to increase the rates of contribution. For this possibility CalSTRS developed a set of questions, including defining the financial objective, the schedule for

*(Continued on page 5)*

# Scenes From PRO's February Luncheon and Theater Party

On Saturday, February 9, a group of retirees gathered at Oakland's Phnom Penh Restaurant for a Cambodian feast followed by a performance by San Francisco's Magic Theater of *Me Llama Cristina* by Octavio Solis at Laney College's Odell Johnson Theater. Below are some photos from the luncheon and the theater.



Susan and Harvey Chin and Carmen Rezendes



Joe and Shirley Nedham, Flora Isaacson and Anna Pavelka-Lodato



Rita Haberlin



Roger Newman, Ned Pearlstein and Mark Greenside



Jane Woo and Denise Fontenot

*(STRS... Continued from page 4)*  
achieving it and for implementing increased contributions, and how much the contribution increase should be for each of the three contributing parties: CalSTRS members, employers and the state.

The objectives could include fully funding the plan's obligations, setting an arbitrary funding goal, avoiding the depletion of its assets, or just delaying that. There is neither a proposal yet for the amount by which contributions would have to be increased, nor a proposal for how the increases would be allocated.

"We are not looking at any sudden increases," Hendricks says. "These would be gradual increases over time. We do have to make increases, but they will be slow and gradual."

Further, they have to be crafted as legislation that passes through the Legislature and is signed by the Governor. The board is just presenting them with scenarios—it is up to elected officials to write the final bill. "We have a lot of new legislators," Hendricks notes, "for whom this is all new. The CFT has already started working with CalSTRS staff, and plans to meet with all the new members quickly, and explain to them how important it is to address this issue."

*(Reprinted from the March 2013 issue of Perspective, a publication of the California Federation of Teachers)*

# Are You Prepared to Live a Long, Long Life?

By Mary Desaulniers

"You could live a long time," says sociologist and researcher Lyndsay Green, "but are you ready?" Living to be a hundred might sound seductive; however, most people are not prepared for the prospect of loneliness, disability and depression that sometimes accompanies their long final years. Chances are strong that we will live into the eighth and ninth decades of our lives, but do we, even those of us well launched into our sixties, understand what living into the nineties means?

Our understanding of aging is filled with misconceptions, Green suggests, because many people mistakenly believe that they will live vigorously until their dying day. The reality is that the body breaks down 10-15 years before its actual death and those 10-15 years could be an unexpected interlude of disability, illness, loneliness and despair.

Another misconception is that the old self is merely a "greyer and saggier" version of the young self. Not so, says Green. The aging self goes through dramatic changes. One thing is for sure, she claims: the longer we live, the more likely we are to develop health problems - heart disease, diabetes, hearing, vision and memory loss.

What can we do to prepare ourselves for those elder years when we have to cope with failing bodies and diminishing brains?

To answer this question, Green interviewed a group of elders who have demonstrated successful aging. Their advice runs counter to "society's obsession with staying young forever" and to the assumption that we must "fight aging at all costs."

## **Cultivate Close Friendships**

Cultivate close friendships with people who may become our lifeline in elder years. Emotional support from a close network of family and friends is linked with the health, well-being and quality of life of older people.

## **Live Uncompromisingly for the Self**

This means abandoning unrealistic social expectations and accepting, even embracing, the inevitable indignities of aging - the sagging bodies, the slowing mind. This acceptance, however, does not mean "letting all go" and lying in wait for death. It means being proactive at delaying these indignities by keeping the body

active and healthy, setting personal goals to accomplish something we have not done before, seeking new experiences and horizons and making our final decades an adventure.

## **Volunteer Our Time in Service of Others**

According to the Harvard Study of Adult Development, people who volunteer themselves for the community triple their chances "that their seventies will be a time of joy rather than despair."

## **Keep Working**

For many people, a successful retirement takes the form of working not full time, but at some engaging capacity. Work provides something meaningful to do, keeps you physically active, connected with others and mentally alert.

## **Don't Give Up on the Body**

Maintaining physical fitness through exercise is crucial for the golden years. Research shows that resistance exercise like weightlifting reverses muscle aging at the genetic level. Exercise also improves mobility, body functions and mood.

## **Don't Give Up on the Brain**

Like the body, the brain needs exercise. Activities like working, taking courses, writing a book, developing new hobbies all cultivate the brain. Even crossword puzzles, reading, writing, memorizing poetry, practicing new dance steps, learning how to play the piano can actually delay the onset of dementia.

## **Embrace Old Age**

By planning for successful aging, we embrace the realities of old age and get on with living joyously, courageously and triumphantly despite them, like 84 year old Sylvia who has a couple of years left working with a non-profit organization; after that she plans to open a business. Or like 84 year old Henry who has been retired for a number of years, but still keeps the office in his workplace so that he can serve on committees and be involved with the professional community. These elders have found the secret of living successfully for the rest of their lives.

*Mary Desaulniers is a retired teacher and grandmother looking forward to the next 30 or more years with great relish and enthusiasm. She is an editor at [www.e-healtharticles.com](http://www.e-healtharticles.com) and a weight-management consultant.*

## Contribute To The Pro Scholarship Fund By Honoring Or Memorializing A Friend Or Loved One



**Yes, I want to support the PRO Scholarship Fund with a contribution.**  
(Please print)

In honor of:     On the occasion of:     In memory of:

**Please send acknowledgement card to:**

**Name:** \_\_\_\_\_

**Address:** \_\_\_\_\_

**City:** \_\_\_\_\_ **State:** \_\_\_\_\_

**Zip:** \_\_\_\_\_

**Contributor's Name:** \_\_\_\_\_

**Contributor's Address:** \_\_\_\_\_

**City:** \_\_\_\_\_ **State:** \_\_\_\_\_

**Zip:** \_\_\_\_\_

Make check payable to: **The Peralta Foundation—PRO**

**Send to: PRO, 1250-I Newell Ave., #162, Walnut Creek, CA 94596**

*Contributions are tax deductible to the extent allowed by federal and state law.*

### Contributions Received for the PRO Scholarship Fund

In Memory of:	Contributor
Jeff Deavers	Joyce Blair
Tom Warren Carpenter	Lea Guerrero- Carpenter
Armand Fernandez	Susan Chin
Armand Fernandez	Frank and Janet Poulos
Carolyn Yee	Susan Chin
<b>General Contributions</b>	
Aiko Asato	

### IN MEMORIAM

*The following Peralta retirees have passed away during the last months. PRO extends our deepest condolences to their families and loved ones.*

**Cecil Toland Draper  
Pat Jowise**

*If you have any information about the passing or the serious illness of a Peralta retiree, please contact Bruce Jacobs at: [webmaster@peraltaretirees.org](mailto:webmaster@peraltaretirees.org) or by writing to PRO, 1250-I Newell Ave., #162, Walnut Creek, CA 94596*

**(Rate Hike...Continued from page 2)**

CalPERS said its average annual premium for long-term-care insurance now is \$2,206, or \$184 a month.

The fund for long-term-care insurance is separate from

CalPERS' \$255-billion pension fund and financially independent. As a result, that pension money cannot be used to hold down the long-term-care rates.

*(Excerpted from an article by Chad Terhune, Los Angeles Times of February 21, 2013.)*

(From the President...Continued from page 1)  
fits, and I think we've been doing a good job at it. But many of us can do more to safeguard our actual health, and PRO can be such a good vehicle to help.

I need to hear from you about PRO's wellness project. Indra is still eager to make her presentation. Please email me to let me know if you're interested ([jerrherm@sbcglobal.net](mailto:jerrherm@sbcglobal.net)). If I get a sufficient response we'll go ahead and plan Indra's presentation better this time. If not, pass the nachos, the pork rinds and the hot fudge sundae.

### Meeting Peralta's Newest Board Member

The PRO Board invited Meredith Brown, Peralta's newest trustee (elected in November, representing Oakland's District Two), to our last board meeting so we could get to know each other. An attorney in private practice, she comes from a family of educators. PRO Board members and guests were impressed with her knowledge of, and commitment to, sound, progressive educational policies. As an attorney,

she respects the validity of contracts including the Peralta's contractual obligation to provide unmodified lifetime health benefits to retirees hired before 2004. The PRO Board plans to invite other trustees to our meetings. Remember that all PRO members are invited to attend board meetings. We'll let you know when we have trustee guests.



*Meredith Brown, Peralta's  
Newest Trustee*

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**1250-I Newell Ave., #162**  
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