



# **Staff Education Association Retirees VEBA**

## **Newsletter**

**March 2015 – vol. 5**

### **SEARV 2014-2015**

It has again been a successful year for the Trust. Our conservative investment strategy is working as planned and our relationship with our vendor partners continues to be very successful.

The SEARV web site went live in March of 2014 and the address is [www.SEARVeba.com](http://www.SEARVeba.com). The site continues to be updated so please take the time to review the site and feel free to use it as a resource to help answer questions you may have about your retirement health care. You will find documents and information on the web site concerning the recent issues we encountered with the final funding of the VEBA.

### **FINAL FUNDING -**

As required by the Prater Settlement Agreement a neutral third party actuary was selected by the parties in September, 2014. A committee of John Wardell, Bob Hockenberger, Jim Prater, and Paul Gonzalez represented SEARV. OEA was represented by Kristy Spires, Joe Coehagen, and Linda Fieley. The parties had agreed to complete the final funding process without the use of outside counsel. OEA attempted to have their longtime actuary Aon selected to do the final funding assessment. That was rejected without hesitation by the SEARV representatives. OEA then agreed to use the Segal Company. The Segal Company completed their data gathering and assessment by Mid-November as required. During the process OEA was asked during a meeting and twice via email what payment option they were going to select. OEA did not answer the question during our meetings and they refused to answer the emails.

SEARV counsel David Cook was notified via email (and email only) that OEA had used its own actuary (Aon) to recalculate the required final payment as of December 19, 2014 and that OEA had transmitted that amount to the SEARV account. This was late in the day on the last day of work prior to OEA's year-end break. That money had been transferred into a holding

account and SEARV was caught completely by surprise by OEA, which we believe was intentional. It was some time before SEARV was able to transfer the monies into proper earnings accounts. SEARV challenged OEA and sent several emails that were totally ignored by OEA. OEA counsel was also contacted by SEARV counsel and asked to provide information. They also ignored that request. Left with no other options, SEARV contacted the Segal Company to recalculate the final funding as of January 1, 2015 which was the first meaningful date the Trust could make the proper investments.

Segal completed their assessment and determined OEA was \$113,135 short. That report was transmitted to OEA counsel. Because OEA had involved counsel we were required to continue that avenue of communication. Again OEA and OEA counsel failed to respond. At this time a billing statement was sent to OEA. Only then did OEA decide to act. They contacted Segal - without notice to SEARV - and had them do the calculation as of December 19, 2014. Segal did the calculation and determined even using that date, that OEA had shorted the Trust \$54,483.99. OEA then transmitted that amount to the Trust.

There is still a disputed amount but it is likely the Trust will consider OEA to have completed the final funding. At this time the Trustees are revising the investment policy and have moved monies into a number of diverse investment areas.

The most disappointing part of the process was that our labor union employer was still trying to get out of paying the Trust what it was required to pay under the agreement. We all thought that with new management and with an attempt to deal openly and honestly with the process we would have a positive outcome. Unfortunately that did not happen.

#### **Prescription Drug Coverage:**

As a part of our fiduciary responsibilities, the Trust is reviewing our prescription drug carrier United Health Care OptumRx. Attached is a survey particular to that coverage and we would appreciate every participant completing the form and returning it in the enclosed self addressed postage paid return envelope. It is likely the Trust will issue some requests for information from other carriers. We will keep you informed via the web site of our progress and of course if a change is made you will be informed via mail.

#### **Divorced spouse status:**

It should be noted that because we have a closed Trust, divorced spouses of participants are not covered by the Trust. Should a divorce take place please notify the Trust as soon as possible. That also means that *new* spouses also will not be covered. If you have any questions or concerns please contact Mr. Charles Breitsman, our third party administrator, or John Wardell, Chairman of the Board.

## **SEARV/CORE RELATIONSHIP:**

We have become aware that a number of OEA retirees and their dependents who are currently insured through SEARV, or who will become eligible for benefits when they reach age 65, are not members of the Coalition of Retired Employees of the Ohio Education Association (CORE). Membership in CORE is voluntary. It had 182 dues-paying members in 2014, and while that number was an all-time high, it represents a little more than half of all SEARV participants. Here is some important information that you may want to know about CORE and how it is related to SEARV.

CORE was incorporated as a non-profit organization in 2004 after OEA unilaterally terminated health and prescription drug insurance for retired employees and their dependents when they reached age 65. The stated purpose of CORE was and still is to protect the rights of OEA retirees and their dependents. The immediate goal in 2004 was to restore the post-65 health care benefits that had been bargained with OEA by OASU and PSU and were a part of their respective contracts.

To that end CORE established a Defense Fund to hire legal counsel and brought suit against OEA in Federal Court. CORE members were the major contributors to the Defense Fund, but support was also received from PSU, Employee Associations in states other than Ohio, the National Staff Organization, and numerous individuals from around the country including former OEA managers. To date, the Defense Fund has spent \$1,458,902.78 to protect the rights of OEA retirees and their dependents.

In 2010, CORE reached a settlement that required OEA to fund post-65 Medicare supplemental health care and prescription drug coverage for two classes of retirees, their spouses, and disabled dependents. One class included all those who retired from OEA as members of OASU on or before August 31, 2006. The other class consisted of PSU members who were hired by OEA on or before August 31, 2000. Further, OEA agreed to pay the class \$3.75 million to resolve all claims from 2004 through December 1, 2009. CORE was able to use those funds to reimburse most members of the class for their out-of-pocket health care costs, pay all outstanding legal bills, and refund a major portion of the Defense Fund contributions from the various individuals and organizations that had supported CORE through the six years it took to settle the suit.

OEA further agreed to pay for a Voluntary Employees' Beneficiary Association (VEBA). It was funded in the first year at \$375 for each member of the class who was 65 or older, times the number of months from December 1, 2009 through December 31, 2010. For the years 2011 through 2015, the contribution amount was escalated by the percentage increase in the cost of the Medicare Supplemental Plan and the Prescription Drug Plan identified by SEARV times the number of eligible participants. And finally, in that settlement, OEA agreed that in 2014, it would pay a neutral actuary to determine the present value of the cost to fund SEARV for the remainder of the class members' lives. After that determination was made, OEA would have the option of paying the amount so determined in a lump sum or in five equal annual

installments, adjusted to reflect the increased amount to fully fund SEARV if the payments were delayed over the period of five years. All that enabled CORE to move forward to establish the Staff Education Association Retirees VEBA (SEARV) to which you now belong.

CORE was active in the bargaining between SEARV and OEA which culminated in 2012 when OEA agreed to fund a third class of members. It consists of managers, their spouses and disabled dependents who like PSU members were hired on or before August 31, 2000.

CORE's membership year runs from January through December. Annual dues for retirees and spouses are \$20 each. If you want to join, make your check payable to CORE of OEA and send it to Jim Prater, Treasurer, at 2000 Malvern Road, Columbus, OH 43221. Include your current mailing address and telephone number together with your email address if you are on line. Jim's telephone number is (614) 486-7597. Do not hesitate to call him if you need additional information about CORE. His email address is [prater2000@columbus.rr.com](mailto:prater2000@columbus.rr.com).

On another note, CORE, completed the task of putting together a series of helpful hints about how retirees can prepare their estates. The work of that committee is on the web site under the CORE menu.

#### **Joan Montgomery –**

As you are probably aware, on the very day OEA decided to pull their surprise payment on the Trust, December 19, 2014, we lost our dear friend and colleague Joan Montgomery. Joan had served as a Trustee for almost 6 years and as a Class representative during the entire 6 year litigation. Her contribution was a big part of our success. She will be sorely missed by all of us.

The SEARV Board of Trustees appointed Priscilla Roberge to fill the open seat left by the passing of Joan. Please welcome Priscilla to the Board.

#### **Vendors –**

##### **General Counsel – Cook and Logothetis , LLC**

Counsel is responsible for making sure the Trust is run in compliance with state and federal laws that control tax exempt VEBA Trusts. They also advise the Board with respect to legal matters associated with Trust administration. Please do not contact counsel directly, but you may ask questions or communicate through the TPA CW Breitsman Associates.

##### **Third Party Administrator (TPA) – CW Breitsman Associates, LLC**

Charlie Breitsman [charlie@cw-b-a.com](mailto:charlie@cw-b-a.com)

Michele Gentile [Michele@cw-b-a.com](mailto:Michele@cw-b-a.com)

Three Gateway Center, Suite 1625, Pittsburgh, PA 15222

Phone – (412) 325-2805, Toll Free – (866) 520-9174, Facsimile – (412) 325-2801

The TPA is responsible for handling the day to day administration of the Trust including interfacing with all of the other vendors, records retention, and interface with Trust members and the Ohio Education Association concerning Trust matters.

**Custodial Bank – Huntington National Bank**

The bank is the initial holder of funds and investments monies. Questions concerning banking need to be directed through the TPA.

**Medicare Supplemental Provider – Transamerica Premier Life Insurance Company**

The Medical supplemental carrier is contracted on an annual basis. You may communicate directly with the provider concerning your account or you may contact the TPA for assistance and contact information.

**Transamerica Premier Life Insurance – Company Customer Service: 1-800-752-9797**

**Prescription Drug Provider (PDP) – [United HealthCare/OptumRx](#)**

The Prescription Drug (Part D) provider is contracted on an annual basis. You may communicate directly with the provider concerning your account or you may contact the TPA for assistance and contact information.

**[UHC Customer Service: 1-888-556-6648](#)**

**Investment Advisors – Dover Consulting Group**

The investment advisor assists the Board in creating and maintaining formal investment guidelines and works with investment providers to ensure the Trust investments are in compliance with those guidelines. They also provide investment reporting to the Board on a regular basis.

**Auditors – Norman, Jones, Enlow and Co.**

As required by law and as prudent management of the Trust, independent auditors are engaged to review the finances of the Trust and provide annual reports in compliance with federal and state laws.

**Other Actions of the Board –**

In addition to those items mentioned above the Board took the following actions:

- Renewed the term of Trustee Garrett Harbron for 3 more years
- Elected Garrett Harbron as Secretary

- Appointed Priscilla Roberge for a three year term
- Appointed a new Investment Committee of Bob Hockenberger Chairman, Paul Gonzalez, and Garrett Harbron.
- Worked with OEA for the 2014 and 2015 list of qualified participants (true-up) that drives OEA's annual contributions to the plan.
- Monitored the performance of the supplement providers and other vendors.
- Determined annual budgets
- Approved investment strategies

### **How are we doing? –**

Your Board of Trustees would like to thank all of you for your support and having the confidence in us to allow us to serve as your Trustees on the Board of the Staff Education Association Retirees VEBA Trust. Your feedback is always welcomed and we will work to keep you informed. Please don't hesitate to contact any of the Trustees or the TPA with your questions.

### **SEARV Board of Trustees**

The Board of Trustees is comprised of five (5) members; three (3) members whom are "Class Members" and two (2) members whom are "Public Trustees", as required under the VEBA Trust Agreement.

**John Wardell**, Chairman SEARV Board of Trustees

Ohio – (740) 474-3004, Florida (941) 429-2803, Cell (614) 203-3135 - [COREofOEA@aol.com](mailto:COREofOEA@aol.com)

**Bob Hockenberger**, Co-Chairman SEARV Board of Trustees, HIPAA Privacy Officer

(614) 499-1073 - [hocko@insight.rr.com](mailto:hocko@insight.rr.com)

**Priscilla Roberge**, SEARV Board of Trustees (614) 774-2190 - [prisroberge@gmail.com](mailto:prisroberge@gmail.com)

**Paul Gonzalez**, Public Trustee (517) 242-4739 - [Gonz2006@aol.com](mailto:Gonz2006@aol.com)

**Garrett Harbron**, Secretary SEARV Board of Trustees & Public Trustee (317) 439-0053 - [garrett.har@gmail.com](mailto:garrett.har@gmail.com)

**Please visit the SEARV web site.**

**[www.SEARVeBa.com](http://www.SEARVeBa.com)**