



Staff Education Association Retirees VEBA

Newsletter

April 2019 – vol. 9

SEARV 2018-2019

The past year has been another good year for the trust. Our investment strategy is proving to be as solid as we had predicted it would be. Our investment advisor and our investment committee along with all of the other Board members and advisors continue to diligently monitor our financial position. We encourage you to review the Summary Annual Report when it is released.

THE SEARV INVESTMENT COMMITTEE – *WHAT, HOW AND WHO*

The Investment Committee (Committee) is charged by the Board of Trustees with making decisions regarding the investment portfolio within the Board's Investment Policy Statements (IPS). The Committee also maintains oversight responsibility of the Plan Investment Advisor to insure prudent investment selection, and allocation balances among the assets for the benefit of the Plan.

It also makes recommendations to the Board regarding investment decisions pursuant to the IPS. The Board's investment advisor provides advice to the Committee and the Board regarding these decisions.

MEMBERS OF THE COMMITTEE ARE:

Public Trustee, Paul H. Gonzalez. Paul served as the Executive director of MEA Financial Services and President of Paradigm Equities for the Michigan Education Association for over 20 years. In this capacity, Paul held an insurance license and was a Registered Principal and Registered Financial Principal with the Financial Industry Regulatory Authority (FINRA).

Public Trustee, Garrett Harbron. Garrett was a high school mathematics teacher for 25 years, President of the Indiana State Teachers Association (ISTA) from 1989—1995, Managing Director of the ISTA Financial Services corporation from 1996-2002. His duties included developing supplemental retirement plans for Indiana School Corporations. Garrett held Series

6 and 63 security licenses from FINRA. He was also a trustee for the Indiana State Teachers Retirement Fund from 1990-2003.

Class member, Bob Hockenberger, Chair. Bob was employed by the Ohio Education Association (OEA) from 1972-1992 as a UniServ consultant, Research consultant and lobbyist. He was a part-time employee of the ISTA Financial Services Corporation from 2002-2010, servicing Indiana teachers with retirement investment decisions. In this capacity, Bob took Series 6, 63 and 65 FINRA security examinations.

Our Investment Advisor is Joshua Smittkamp of Dover Consulting, Dayton, Ohio.

The committee meets as often as necessary and at least once before every regularly scheduled Board meeting.

The current value of the Plan is in excess of \$35,000,000 and yearly interest and dividends earnings exceed \$850,000.

BUDGET PROCEDURES AND RESULTS

The mission of your SEARV Board of Trustees is to provide direction, stewardship and control over the assets, benefits and operations of your Plan. Concurrent to maintaining oversight over the financial performance of Plan assets is the management of expenses.

To perform those management responsibilities, the Board created a budget committee (Bob Hockenberger and Paul H. Gonzalez) charged with the responsibility of developing an annual operations budget and monitoring expense results against that budget. This annual budget is presented to the Board for review and adoption.

What is the budget for 2019 and what has been our performance to date?

For 2019 we anticipate Plan expenses to be \$1,436,500.

As far as performance, since becoming financially autonomous, over the last five years our actual expense results compared to forecast have averaged 3.7 % below anticipated expenses.

For 2019, benefit premiums continue to account for the largest expense category, representing 87.1% of the budget. General Plan operations which include third party administration, legal, audit, insurance, investment advisory and custodial service fees account for 10.5% with the remaining 2.4 % for governance. With each new year, annual health and prescription premiums increase from both annual premium cost inflation as well as additional new enrollees. These two factors account for an average annual budget increase of about 9.6%.

In summary, though we anticipate rising expenses, and mindful that economic conditions may shift, we are confident that our finances are adequate, our expenses are within acceptable ranges and the Plan remains financially and operationally sound.

Audit -

Salter and Company, LLC are in the process of completing our 2018 audit. We also encourage you to review this report when it is released later this year.

Trust Participants –

As of January 1, 2019, the Trust had 333 covered participants. There were 41 active employees and covered spouses, 29 under age 65 retirees, 35 participants that currently opted out of coverage, and 228 currently receiving benefits.

Turning 65?

Start early! If you need to sign up for Medicare and Social Security, we recommend that you visit your local Social Security office - especially if you try online and have any difficulties. We continue experiencing some challenges with retirees failing to sign up in a timely manner. Please give us as much notice as you can, as it is imperative that you complete your paperwork and get it in to Charlie and Michele at least 30 days prior to your turning 65. Remember that failure to sign up in a timely manner could result in a gap in coverage as well as a penalty for late sign up for Medicare Part 'D' prescription drug coverage. Remember the TPA is there to help you as are your Board representatives. Do not hesitate to call.

SEARV/CORE RELATIONSHIP:

The **Coalition of Retired Employees of the Ohio Education Association (CORE)** was established in 2004 and spearheaded the successful settlement between the OEA and the organization's staff retirees. That settlement enabled CORE to create the **Staff Education Association Voluntary Employees Beneficiary Association (SEARV)** which now provides Medicare Supplemental and Prescription Drug Insurance to post-65 retirees.

CORE continues to represent OEA retirees to ensure everyone receives the all benefits entitled by contract.

CORE membership is not now--nor has it ever been--a condition of representation. Neither is it a condition of eligibility for SEARV benefits. But in recognition of its hard-fought battle with OEA that led to the establishment of SEARV, we would urge that everyone who is now or will be eligible for benefits at age 65 become a member of CORE.

Annual dues are \$20 for each individual eligible for benefits. Make your membership dues check to **CORE of OEA** and send it to:

Jim Prater
2000 Malvern Road
Columbus, OH 43221

Please include your mailing and e-mail addresses, and telephone numbers with your check. Also, don't forget to attend the luncheons coordinated by Denny Roberge. They are a great way to both stay connected with fellow retirees and to stay updated on the issues of the day.

Message from CORE President Ed Helvey:

I hope that everyone survived this winter. The flowers are starting to sprout, but I am not confident enough to take my overcoat to the drycleaner!

I just wanted to send you a brief message about some things that are coming up. As you see elsewhere in this newsletter, the annual meeting will be at Antrim Park (our usual spot) on September 15. At this meeting, our trust administrators will update us, we will share stories, and, importantly, we will elect officers for the new membership year.

I was elected (in abstentia...lol) two years ago. I informed our officers at a meeting in March that although I enjoy the work and fellowship of being president of CORE, I have decided to not seek another term. Mary Pat has now retired and we want to spend additional time traveling and caring for our growing family. This position requires more attention than I can give it right now.

In response to this announcement, Mike Shanesy said that he would take on the role, but only long enough for the new vice president to get up to speed. Please consider your own involvement or encourage one of your colleagues to step up.

Thanks again for your support and I look forward to seeing you in September.

Ed Helvey

VENDORS –

General Counsel – Cook and Logothetis, LLC

Counsel is responsible for making sure the Trust is run in compliance with applicable laws that govern and regulate 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@cwba.com

Michele Gentile michele@cwba.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 each 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, Josh Smittkamp

The investment advisor assists the Board in creating and maintaining the Trust's formal investment policy and works with investment managers to ensure the Trust investments are in compliance with the guidelines that policy establishes. They also provide investment reporting to the Board on a regular basis.

Auditors – Salter and Company, LLC

As required by law and for the prudent management of the Trust, independent auditors are engaged to review the finances of the Trust and prepare required annual reports.

Other Actions of the Board –

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

- Renewed the term of Trustee Bob Hockenberger for 3 more years ending 2020,
- Monitored the performance of the supplement providers and other vendors,

- Determined annual budgets,
- Approved investment strategies, and
- Took actions necessary for special circumstances for some members of the Trust

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
- **Bob Hockenberger**, Co-Chairman SEARV Board of Trustees, HIPAA Privacy Officer, Investment Committee Chairman
(614) 499-1073 - hocko@insight.rr.com
- **Priscilla Roberge**, SEARV Board of Trustees (614) 774-2190 - prisroberge@gmail.com
- **Paul Gonzalez**, Public Trustee, Budget Chairman, member Investment Committee
(517) 242-4739 - gonz2006@aol.com
- **Garrett Harbron**, Secretary SEARV Board of Trustees, Public Trustee, member Investment Committee (317) 439-0053 - garrett.har@gmail.com

Please visit the SEARV web site:

www.SEARVeba.com

Please notify Michele or Charlie of any address, telephone, email or other contact information changes