



# Staff Education Association Retirees VEBA

## Newsletter

July 2011 – vol. 1

### **Formation of SEARV –**

In March of 2010 following the CORE meeting, the Class Representatives from the Prater vs. OEA litigation, (Jim Prater, Joan Montgomery, Hal Thorley, and John Wardell) appointed the first three directors to the Board of Trustees of the State Education Association Retirees VEBA Trust. They are Joan Montgomery, Bob Hockenberger, and John Wardell. John was elected as Chair, Joan as Secretary and Bob as Co-Chair. These three individuals serve as the trustees who are members of the trust and there was to be two trustees appointed as public representatives. One of the first actions of the board was to appoint Jim Prater as special consultant to the board during its implementation period. In the summer of 2010 and after considerable discussion, the two public appointees were selected by the Class Representatives and they are Paul Gonzalez, and Garret Harbron.

Paul served as Executive Director of Michigan Education Association Financial Services. In June of 1993, Mr. Gonzalez formed Paradigm Equities Inc. a registered Broker Dealer and subsidiary of MEA/FS to provide variable annuities and mutual fund programs to the members of the Michigan Education Association. Paul serves as Paradigm's President. To further expand the program offerings and services of MEA/FS a VEBA was formed in October 2004 and a Third Party Administrator certification was secured in May 2006. Fairway Investment Group, LLC a licensed Financial Advisor was added in July 2009.

Garrett came from the teaching ranks where he was a mathematics teacher. He served as President of the Indiana State Teachers Association from 1989 through 1995. After returning to teach for a year Garrett returned to ISTA as Director of Financial Services of ISTA Financial Services Corporation of the Indiana State Teachers Association. There Garrett created and implemented strategy for pre-funding previously unfunded school employee retirement and severance benefits in Indiana. Led the creation of and implemented VEBA for pre-funding

previously unfunded school employee medical retirement benefits in Indiana. By 2006, these programs had generated approximately \$500,000,000 in annuity and mutual fund assets through the ISTA Financial Services Corp.

The initial terms for Trustees are staggered and then continued upon a vote of the board for three year terms. Initial terms are John Wardell - 3 years, Joan Montgomery - 2 years, Bob Hockenberger – 1 year, Paul Gonzalez - 3 years, and Garrett Harbron 2 years. Bob Hockenberger was recently reappointed to 3 year term.

#### **Vendor Selection –**

In the late spring and early summer of 2010 the long and important process of vendor selection was completed. With the able assistance of The Segal Corporation and the legal firm of David Cook, the following firms were selected:

##### **General Counsel – Cook, Portune 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 in all legal matters associated with Trust administration. Please do not contact counsel directly, but you may ask questions or communicate through the third party administrator CW Breitsman Associates.

##### **Third Party Administrator (TPA) – C.W. Breitsman Associates, LLC**

Alex Breitsman [alex@cwba.com](mailto:alex@cwba.com)

Three Gateway Center, Suite 1625, Pittsburgh, PA 15222

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

The third party administrator 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 with 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 Supplement Provider – Monumental Life (Transamerica)**

The supplement 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. **Customer Service: 1-800-752-9797**

### **Prescription Drug Supplement Provider (PDP) – United Health Care**

The prescription Drug supplement 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. **Customer Service: 1-888-556-6648**

### **Investment Advisors – Dover Consulting Group**

The investment advisors assist the board in creating and maintaining formal investment guidelines and work with investment brokers to make sure 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 vendor selection the board took the following actions:

- Voted to include qualified domestic partners as a part of the VEBA.
- Approved a SEARV Investment Policy
- Reviewed each request for damages reimbursement to make sure they were compliant with the settlement and federal tax requirements
- Disbursed monies for damages reimbursement
- Worked with OEA for the 2010 and 2011 list of qualified participants (true-up) that drives OEA's contributions to the plan.
- Established open enrollment periods for those who wanted to change their participation status.
- Monitored the performance of the supplement providers and other vendors.
- Determined annual budgets
- Approved investment strategy
- Worked to get everything in place for the July 1, 2010 go live date.

## **What Happens When I Reach 65?**

Class members who will be reaching age 65 during the year will receive an enrollment opportunity letter from the SEARV Administrative Office, sixty (60) days prior to reaching their 65<sup>th</sup> birthday. This letter will give provide members with important information on how to enroll in the SEARV benefit program.

If you elect to enroll, the SEARV Administrative Office will handle all enrollment matters for you. Of course, members who have other coverage may also elect to not enroll. Members who opt-out also may enroll in the future during the open enrollment period held in the fall of the year and also if life event circumstances impact their current coverage.

**How are we doing?** – Feedback from both vendors and members of the Trust has been very positive. There are always issues but they have been few. The Trust is financially healthy and the board will work to make sure it stays that way. The damages reimbursement process was very arduous but in the end went very well and retirees received 100% payment of their qualified damages for documented and substantiated claims filed.

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.

**VEBA Administrator (TPA) C.W. Breitsman Associates, LLC**

Alex Breitsman [alex@cwba.com](mailto:alex@cwba.com)

Three Gateway Center, Suite 1625, Pittsburgh, PA 15222

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

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

[COREofOEA@aol.com](mailto:COREofOEA@aol.com)

Ohio - 740-474-3004, Florida 941-429-2803, Cell 614-203-3135

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

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

**Joan Montgomery**, Secretary SEARV Board of Trustees

614-457-9556 - [Montgomjp@aol.com](mailto:Montgomjp@aol.com)

**Paul Gonzalez**, Public Trustee

517-881-6485 - [Gonz2006@aol.com](mailto:Gonz2006@aol.com)

**Garrett Harbron**, Public Trustee

317-439-0053 - [garrett.harbron@comcast.net](mailto:garrett.harbron@comcast.net)

**Paying Your Monthly Self-Pay Contributions by Electronic Funds Transfer (EFT)**

If you currently do not have an EFT payment arrangement in place, we encourage you to enroll in this process now. The EFT payment process, in addition to being a convenient way to pay your retiree medical/Rx self-pay contributions, ensures that your retiree medical/Rx coverage payments are processed in a timely fashion and your coverage remains intact and uninterrupted. EFT payment processing is currently used by many retirees in benefit plans like yours.

An EFT Authorization Form is attached.

For more information, please contact the SEARV Administrative Office below:

**SEARV**  
**Three Gateway Center, Suite 1625**  
**Pittsburgh, PA 15222**

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