



MCREA

Montgomery County Retired Employees' Association, Inc.

JANUARY 2011

Dues Issue

UPCOMING CHANGES TO PROCESSING YOUR PENSION PAYMENTS

Montgomery County recently implemented a new accounting, payroll and benefits system. One result of this implementation is that the processing of monthly payments to retirees, beneficiaries and other payees will be moved from Aetna, the current provider, to the County's new in-house system. This change is tentatively scheduled to take place during the summer of 2011 and will result in the following specific changes:

Deductions on Your Pay Voucher – Your pay voucher will be expanded to include separate line items for each deduction from your monthly payment. Currently all deductions are combined. Your deductions for Federal and/or State of Maryland tax withholding, premiums for health and other insurance, and other types of deductions each will be shown as separate line items to assist you in monitoring the deductions being withheld.

Method of Payment – All monthly payments to retirees, beneficiaries and other payees made from the County's new in-house system will be made by **Direct Deposit**. No payments will be made by check after the conversion takes place in the summer of 2011. If you are currently receiving your payment by check, you will need to obtain a direct deposit form in one of two ways: contact Aetna at 1-860-952-2700 and request a direct deposit form, or go the link below* to print the form. Complete the form and return it to Aetna so that your monthly payment can be deposited to the bank account of your choice. **CRITICAL: This action must be taken prior to June 1, 2011.**

State Tax Withholding – **Only Maryland State tax**, if elected, will be automatically withheld from monthly payments to retirees, beneficiaries and other payees once payments begin via the County's new in-house system. If you are currently having state tax withheld by a State other than Maryland, that deduction will stop after the conversion takes place in the summer of 2011. **Prepare for this change by inquiring with your State about the options for paying your income taxes directly.**

This changeover to an in-house payment system will save the County money by not having Aetna administer the payments. Your payments will be coming directly from Montgomery County.

*To obtain direct deposit and tax withholding forms, go to the site below, select the **Benefits Retiree** button at the top of the page, then select **Retiree Benefits Forms**. The direct deposit form is labeled **Retirees – Aetna Direct Deposit Form**. The Maryland withholding tax form is labeled **Retirees Maryland State Tax Form**. <http://www.montgomerycountymd.gov/content/ohr/ResourceLibrary/RLMain.cfm>

Questions – Please contact the Board of Investment Trustees on 240-777-8220.

THE COUNTY'S BUDGET SITUATION

As you may have heard, Montgomery County, along with many other state and local governments, is facing a significant budget gap this year and the next several years, estimated at \$300 million for FY12 (beginning July 1, 2011). Both the County Executive and County Council have commissioned studies to make recommendations for resolving what is referred to as a structural budget problem. This means that the problem cannot be solved with a few reductions for the coming year. Since employee salary and health benefits, along with retiree benefits make up 82% of the budget, they will receive close scrutiny.

A very important report for us is from the Office of Legislative Oversight entitled, "Achieving a Structurally Balanced Budget in Montgomery County, Part II: Options for Long-Term Fiscal Balance (OLO Report 2011-2)". Retirees should become informed about some of the possibilities that the County's elected officials will be considering. The County Attorney has already given an opinion on legal issues related to changing employee and retiree pay/pension and benefits, including that the Council may make changes to retirement benefits already earned if the changes are "reasonable and necessary to serve a legitimate government purpose." The options being proposed meet the legal test – meaning that the County government can make changes to previously agreed to benefits.

The driving force of the budget problem is understood to be higher per employee costs over the last 10 years. There are short and long term solutions being proposed. The report includes all five County agencies: County Government, Board of Education (MCPS), Park and Planning Commission (MNCPPC), Montgomery College and the Sanitary Commission (WSSC). It highlights the salary, benefit and retirement variations across agencies. It notes that MCPS accounts for two-thirds of all tax supported work years and in order to contain expenditures, personnel costs must include both the County Government and the school system.

Of critical importance to County Government retirees and their survivors are two areas: Pension Benefits and Health Benefits. First, Pension Benefits: In FY00, the Employees' Retirement System had sufficient funds to pay for 98.9% of future pension liabilities. By FY09, that percentage declined to 78.4% due to benefit enhancements (union negotiated)

and investment losses. The report presents an option that would affect us: lower the cap on the annual COLAs to something less than 100% and how it is applied.

Second, Health Benefits: One option (with variations) that is outlined in the report is to change premium cost-sharing criteria and/or benefit levels for retiree health insurance. This could mean an increase in retiree costs for premiums and/or differences between pre- and post- Medicare premiums and cost.

MCREA is closely monitoring the budget discussions and the possible impact on retirees and their survivors, and will provide input to the process at the appropriate times. Please go to the following website to read the full report: <http://www.montgomerycountymd.gov/content/council/olo/reports/pdf/2011-2PartIIappendix.pdf>

UPDATE ON THE COUNTY'S RETIREMENT PLANS

Hello from Meg (Riesett) Menke. I am one of 13 members of the Board of Investment Trustees (BIT) who oversee the investment programs for the County's three retirement plans: the Employees' Retirement System (ERS), Retirement Savings Plan, and the Deferred Compensation Plan. Board members are appointed by the County Executive and confirmed by the County Council. I fill the seat designated for a retired member and was appointed in 2006, and reappointed in 2009, after being nominated by MCREA. My term expires in March 2012.

My job, as a trustee, is always to vote in the best interests of everyone, retired and active members alike. The Board's mission is to strike an appropriate balance between risks taken and returns sought to ensure the long term health of our retirement plans. We do this, in consultation with our talented professional staff, by diversifying types of investments and managing risks. At our meetings, we deliberate and vote on policies and practices that foster the long-term stability of these plans. I would say that we spend as much time, if not more, on understanding the risks as we do on selecting investment options. Our approach is keeping up with industry standards for the investment of public pension funds.

The ERS' investment return for the year ended June 30, 2010 was a gain of 13.9% (after management fees). This return is in the top half of returns achieved by similar public pension funds reporting results for the one-year period. For the three and five year periods, the Board ranked in the 20th percentile and 23rd percentile of the universe, respectively, outperforming over 75% of the returns achieved by other pension plans.

I urge you to go online at the following link to look at the latest Annual Report of the Employee Retirement Plans. (<http://www.montgomerycountymd.gov/bit>).

YOUR FEEDBACK IS NEEDED !

The OHR Benefits Team kindly requests your participation in their annual benefits communications survey. Their goal is to continue to enhance future benefits materials to best meet your needs. If you have not done so already, please complete the survey by January 31, 2011. You can use the survey on page 7 of your Open Enrollment Guide and fax or mail it to the Team, or you can go online. Click the Open Enrollment butterfly, select the Retiree home page and then the survey (located at the bottom of the right-hand sidebar). Combined non-confidential results will be made available on the HR Resource Library this spring. The OHR Benefits Team values your suggestions and thanks you in advance for your input! Go to www.montgomerycountymd.gov/ohr.

COST-SHARING FOR CAREMARK HIGH OPTION ENDED ON JANUARY 1, 2011

In 2009, premium cost for the Caremark High Option Prescription Plan was changed so that the County no longer shared in the differential between the Standard and High Option Prescription Plans. To mitigate the impact of the increase, the County spread the cost differential for participation over a 3 – year period by one-third of the increase each year.

Therefore, on January 1, 2011, the premiums for participants who continue in the High Option plan include the full cost difference between the Standard and High Option Plans. The County still shares in the premium cost, but only up to the level provided for Standard Option Prescription Plan.

PRESCRIPTION DRUG CHANGE – INDEMNITY PLAN – NO MORE CLAIM FORMS

The Office of Human Resources Benefits' Team recognized that many retirees in the Indemnity medical plan were paying large amounts of money upfront for their prescription drugs. Out-of-pocket costs could be several thousands of dollars for the retiree. Later, these retirees would have to complete reimbursement forms, attach receipts and mail the information to CareFirst. They would then wait, sometimes a month or more, to receive a reimbursement for the County's 80% share. For those retirees and survivors in the Indemnity plan, the prescription drug component is part of the medical plan.

As of January 1, this process has changed. Retirees and survivors in this plan should have received a notice explaining this change in detail. By now, all retirees in the Indemnity plan should have received two new identification (ID) cards to use when buying their prescriptions. It is a very simple process now to get your prescriptions. Take your new (Caremark ID) drug card to your pharmacy when you order your prescription or go to pay for it. Your cost will be only your 20% share.

You will not have to pay for the County’s share, and wait to get reimbursed. You can use any pharmacy you chose. All major pharmacies know about this, but in case yours does not, have the pharmacy call Caremark at 1-800-421-2342. They can verify the new prescription card program and make sure you only pay 20%.

Reminder: Complete and mail in your 2010 drug reimbursement forms for the last time.

LIFETIME BENEFIT MAXIMUMS ELIMINATED

As this year’s open enrollment materials stated, lifetime benefit maximums were eliminated from the Indemnity Plan, and CareFirst Point-of-Service High and Standard Options out-of-area plans. (None of the other medical plans had lifetime maximums.)

Health Care reform legislation eliminated the maximum dollar amount payable under medical insurance, known as lifetime maximums. Technically, the amount spent on an individual for medical payouts, was accounted for each year and accumulated toward a maximum benefit limit. This elimination means a great deal to retirees who may have extremely high medical expenses, because one will no longer have to worry about reaching a maximum payout amount.

MCG Insurance Enrollment Statistics as of 1/4/2011							
Retirees	Medical Plans						
	CareFirst					Kaiser w/RX	UHC
	Indemnity	High POS	Std POS	High POS OOA	Std POS OOA		
Non-Medicare	133	899	30	347	25	129	406
Medicare	833	861	72	400	30	93	206
Total Retirees	966	1760	102	747	55	222	612
	Prescription Plan						
						Caremark	
	Dental Plans			Discount Vision	High Rx	Std Rx	
Non-Medicare	2463			1441	1246	452	
Medicare	3260			1265	1197	366	
Total Retirees	5723			2706	2443	818	

THANK YOU

Heartfelt thanks to Carol Maryman who was the MCREA Newsletter editor for seven years until March 2010. Carol continues to serve on the Board of Directors.

MEMBERSHIP DUES – REMEMBER TO RENEW YOUR MCREA DUES

The last page of this newsletter contains the form for renewal of MCREA membership and payment of dues. Please complete the form and mail it to MCREA, P. O. Box 73, Rockville, MD 20848-0073. We are accepting payment for a maximum of 5 years ahead, or to the year 2016.

Special note regarding advance dues payment: Please retain your record of payment and make note of the year in which your advance-paid dues will expire. Although MCREA has the information as well, we cannot efficiently respond to members' inquiries about it. Mass mailings relaying this information is also cost-prohibitive. Thanks for your understanding.

WELCOME ABOARD JIM NORRIS, PRESIDENT AND CEO OF MC EFCU

Thank you for the opportunity to introduce myself as the new President and CEO of Montgomery County Employees Federal Credit Union. I am very pleased to have this occasion to communicate with the retirees of Montgomery County through this newsletter. The membership of MCREA represents a significant component of MC EFCU's membership both in terms of member numbers and the amount of money invested in the Credit Union. One of my goals is to provide the best possible service and services to retirees who are members of MC EFCU.

The retiree ranks are going to swell over the next several years and it is my job to continue the Credit Union's effort to meet the financial needs of this segment and to continually try to improve these efforts. I look to you, the current members of MCREA, to help me better understand opportunities to improve services to retirees.

In the short time I have been here, with the help of MC EFCU's Board and staff, we have been able to introduce the following products and service enhancements for Credit Union members: 28,000 free ATM's including 5,500 at all 7-11 stores; free Shared Branch transactions, Mobile and Text Message Banking, Finance Works, and our newest service Benefits Plus. My focus has been to make access to MC EFCU services more convenient and less expensive. I believe access to your Credit Union services should be simple and easy whether you are in Rockville or anywhere else in the United States.

I appreciate the opportunity to introduce myself and tell you a little bit about where I see MC EFCU going. I hope to be able to continue to touch base with MCREA members through this newsletter, as I will through other avenues. MC EFCU can be contacted at 301 -279 -1964 or our web site at www.mcefcu.org.

M C R E A
P.O. Box 73
Rockville, MD 20848-0073

2011 MEMBERSHIP AND DUES APPLICATION
(Please Print or Use an Address Label)

Retiree:

Last Name	First	Middle Initial
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Spouse (optional):

Last Name if Different from Above	First Name
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Mailing Address: _____

City: _____ State: _____ Zip: _____ - _____

Telephone: Home (_____) _____ Cell (_____) _____

Email Address: _____
(Print Carefully)

Application is for: Renewal ____ or New ____ Date : _____

Check#: _____

MCREA Dues are \$5 per Calendar year. Enclosed are dues for:

1 year \$5.00 ____ 5 years \$25.00 ____ Other ____

Please make your check payable to MCREA, enclose it with this completed form, and mail to the above address. Thank you for your support.

Any dues payment in excess of 5 years will be considered a contribution to MCREA.

MCREA holds your information in our database in confidence. It is not shared or sold to other groups or organizations.

IMPORTANT PHONE NUMBERS or visit MCREAonline.com

MCREA Toll Free Phone number: **1-866-929-9339 or 301-929-9339**
Montgomery County's Office of Human Resources at **240-777-5000** or Toll Free
1-877-613-5212; Benefits Team Direct Line 240-777-5120 or (Fax) 240-777-5131 or email
benefits@montgomerycountymd.gov
CareFirst Blue Cross-Blue Shield: Indemnity Plan; HMO; and, Point-of-Service Plan.
Member Services: Toll Free number: **1-888-417-8385**; www.Carefirst.com
Kaiser Permanente: Washington Area: **301-468-6000**; Baltimore Area: **1-800-777-7902**
United Healthcare Member Services: **1-800-638-0014** www.myuhc.com
Caremark: **1-866-240-4926** www.caremark.com
United Concordia (Dental): **1-866-851-7564**; Email: www.ucci.com
National Vision Administrators (NVA): **1-866-468-2393**; E-mail: www.e-nva.com
Prudential Long Term Care Insurance: **1-800-732-0416**; E-mail: www.Prudential.com
Aetna Toll Free Number: **1-800-952-2700**
ING (MC Deferred Compensation): **240-777-5054 or Toll Free 1-888-240-8080**
Hartford: **301-512-0852**

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MCREA

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