

# After-Words

A NEWSLETTER FOR RETIREES OF THE FOOTHILL-DE ANZA  
COMMUNITY COLLEGE DISTRICT

Volume XX, Issue I

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## HOLIDAY PARTY PHOTOS



Ann Stemler & Judy Miner



Lescher & Dorothy Dowling

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## ANNUAL HOLIDAY PARTY

On December 14 seventy three retirees were in attendance at our annual Holiday Party. Patrick Gannon and his De Anza Foods Services staff did an excellent job serving us a delicious meal of salmon, prime rib or vegetarian entrees.

Dave "Obie" Obenour did a great job as emcee for the party and Jimmy Custodio gave us a good rendition of a Holiday poem. A record number of over forty items were contributed for the after-meal raffle, giving everyone a better than one in two chance to win something. Janice Carr, Jimmy and Obie did a great job raffling off that number of prizes in a reasonable amount of time. To mention a few of the prizes: two sets of Flint Center tickets for two to the Speaker Series; lots of good wine and other spirits; four twosome rounds of golf at Pruneridge Golf Club; three gift certificates for meals at Hobees; and several beautiful flower/wreath arrangements.

Overall, it was a great time of socializing and renewing our friendships. Randy Dunn

## GOLF TOURNEY



The 3<sup>rd</sup> annual FODARA Scholarship Golf Tournament is scheduled this year for Thursday, April 25 at Seascape Golf Club in Aptos. Last spring, the event earned over \$700 for student scholarships. Details will follow, but save the date now.

## Board of Directors 2012-2013

Interim President	.....Tom Moore	.....650-969-3847	.....tomandcary@comcast.net
Vice President	.....Mike Paccioretti	.....408-2749	.....paccioretti@sbcglobal.net
Secretary	.....Marlene Larsen	.....	.....marlarsen@aol.com
Treasurer	.....Ed Burling	.....	.....edburling@gmail.com
Member At Large	.....Bill Lewis	.....408-639-9919	.....billlosgatos@sbcglobal.net
Member At Large	.....Janice Carr	.....650-941-2567	.....janicecarr@pacbell.net
Member At Large	.....Randy Dunn	.....	.....lrdunn6@comcast.net
Member At Large	.....Claudette Penner	.....408-736-6481	.....claudette@penner.org
Member At Large	.....Bob Hubbs	.....408-738-2489	.....jrsubbh@comcast.net
Newsletter	.....Bruce Sturm	.....530-470-9004	.....bruce.sturm@gmail.com

## FODARA CALENDAR

**Please take this opportunity to mark your calendar.**

Mar 5, 2013, Tuesday, Board Meeting, 10:30 AM; District Board Room  
 April 25, 2013, Thursday, FODARA Scholarship Golf Tournament, Seascape Golf Club, Aptos  
 May 7, 2013, Tuesday, Board Meeting, 10:30 AM; District Board Room  
 Jun 20, 2013, Thursday Spring Picnic, 3:30-7:00 PM; Cuesta Park in Mountain View  
 Sep 3, 2013, Tuesday, Board Meeting, 10:30 AM; District Board Room

## IN MEMORIAM

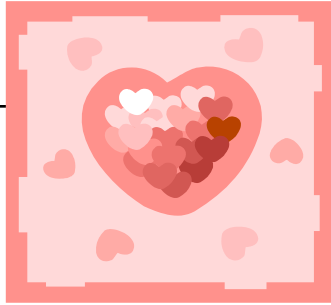
Gary Cummings  
 Carl Grame  
 Angela Holmsby  
 Glen Bushnell

## FODARA COMMITTEES

District Benefits.....Tom Strand, + Jean Werner  
 After-Words E-Mail.....Randy Dunn  
 Friendship.....Bobbie Prouty  
 Scholarships.....Val Hardy  
 Social..... **Needs two people**  
 Mailings.....Charlotte Thunen, Janice Carr

## VALENTINE'S LUNCHEON

You may have noticed that no Valentine party was scheduled for 2012 and again this year. We have been socially challenged since the social chairman position was vacated last year. Each of our social events is now chaired by a board member who answers the call. Because the interest in the Valentine Luncheon has been waning and the cost has been rising, the board felt it could be cut. In 2008, 39 guests attended; in 2011, only 25 folks signed up. We hope people will not miss it too much.



## YOUR BENEFITS

### The CalPERS Medicare Part D Mailing

Some of you FHDA retirees, specifically those enrolled in the Anthem Blue Cross Select, Choice, and Care Medicare plans, plus those enrolled in the Blue Shield Access+ and Blue Shield NetValue Medicare plans, received one or more recent CalPERS mailings concerning Medicare Part D. On the other hand, if you are enrolled in a CalPERS Medicare Advantage plan (Kaiser or Blue Shield 65), then CalPERS did not send you the mailing discussed below, and you can safely ignore this entire article.

Many thanks to Joint Labor-Management Benefits Council Labor Chair Anne Paye, Vice Chancellor Dorene Novotny and Benefits Manager Christine Vo for re-writing and editing my drafts to create the following Q&A formatted article for After-Words.

**Q1:** *Why did I receive a CalPERS mailing(s) containing a Medicare Part D Prescription Drug Coverage pamphlet and a Declination of Coverage ("Opt-Out") form?*

**A1:** CalPERS has a legal obligation to notify members of a change in the administra-

tion of their Medicare prescription plans. CalPERS sent "Opt-Out" letters to FHDA Medicare-eligible members enrolled in the Anthem Blue Cross Select, Choice, and Care, and Blue Shield Access+ and NetValue Medicare plans. You should have already received this mailing (some retirees received the mailing in September, others by December.)

**Q2:** *I got the Opt-Out letter, but what am I supposed to do?*

**A2:** (a) If you did nothing after reading the mailings, congratulations, you did the right thing. See "The Back Story" below.

(b) If you signed and returned the CalPERS Opt-Out form you will lose your CalPERS medical and prescription coverage along with your District sponsored vision and dental coverage unless you take immediate action.

District Benefits Manager Christine Vo recommends: "In the event that the member has opted out of the CalPERS-sponsored Medicare Part D Plan inadvertently—that is, without knowing that the consequence of this action is loss of CalPERS medical and prescription coverage (as well as District-offered dental and vision coverage since they are all bundled together as a unit)—the member must call

CalPERS immediately to withdraw his or her 'Opt-Out' filing to avoid being dropped from the CalPERS-sponsored Medical Plan altogether." See "The Back Story" below for the whys and wherefores.

**Q3:** *Is my CalPERS Medicare prescription plan changing?*

# MORE HOLIDAY PARTY PHOTOS



Group of festive retirees, including Marilyn McBain & Anthony Villa



Frank & Ruth Savage, Bob Hubbs



Janice Carr, Jim Custodio & Dave Obenauer



Jim Linthicum & Ron Bottini



Ann Stemler & Ed Burling join others, including Roland Savellano and Sandy Hay



Betty Elder, Phil and Cindy Greene and Charles Elder

## YOUR BENEFITS (continued)

A3: No. Although CalPERS has made some internal changes in administering the prescription coverage for its Blue Cross and Blue Shield Medicare plans, the providers, coverage and co-pays remain unchanged.

Q4: *Will I still use my medical Insurance card to get prescriptions?*

A4: No. You should have already received two new cards.

If you have an Anthem Blue Cross plan, you should have (1) a new medical card from Anthem Blue Cross without a drug group numbers; and, (2) a prescription card from CVS Caremark. If you have not received your new CVS Caremark card, call 1-877-542-0284.

If you have a Blue Shield Plan, you should have (1) a new card from Blue Shield for medical benefits; and, (2) a card from Blue Shield for your prescription drug benefits. If you have not received your new cards, call Blue Shield at 1-888-239-6482.

Q5: *Will I still be able to get mail order prescriptions?*

A5: Yes, but some prescriptions, including controlled substances and medications, may need to be renewed or re-issued. Please check with CVS Caremark to determine if any additional steps are required on your part to continue your current prescriptions.

Q6: *Will CalPERS send me any more letters about the Medicare Part D "Opt-Out"?*

A6: Unfortunately, yes. CalPERS will send a letter *annually* asking whether you wish to Opt-Out of the Medicare

Part D Prescription Drug Plan. If you wish to continue your CalPERS medical and prescription coverage and District-provided dental and vision coverage, DO NOT OPT OUT — take no action when these annual letters arrive.

Q7: *Will this internal administrative change to the Blue Cross and Blue Shield end up costing me money?*

A7: For most retirees, the answer is "no." However, if you have higher income, federal law adds a Modified Adjustment Gross Income (MAGI) adjustment to your monthly Medicare prescription drug coverage premiums. Generally, this affects less than 5 percent of Medicare members.

Medicare Part D MAGI adjustments for the current plan year are based on reported income from the previous year, and for 2012 the upward adjustments range from \$11.60 per month (individuals with income above \$85,000; couples, \$170,000) through three tiers to \$66.60 per month (for individuals with income above \$214,000; couples, \$428,000). At press time, it appears that CalPERS will not pay these MAGI adjustments (nor will they be paid/reimbursed by the District). According to available information, if you are subject to a MAGI adjustment, it will be deducted from your Social Security check if you receive one, or, if not, you will be billed directly by Centers for Medicare and Medicaid Services (CMS).

BENEFITS UPDATE (continued)

THE BACK STORY

Effective January 1, 2013, CalPERS switched from the Medicare Part D Retiree Drug Subsidy (RDS) program to the Medicare Part D Employer Group Waiver Plans (EGWP), nicknamed "Egg Whip," for the Blue Cross and Blue Shield Medicare plans. Egg Whip allows a plan to contract with a third party insurer to administer prescription-drug benefits for retirees. The advantage is two-fold: it lowers the prescription drug-related costs and transfers risk to the third party insurer. For these reasons, over the last five years many companies and organizations have shifted from the RDS program to the Egg Whip plans.

It may come as a surprise that CalPERS could "automatically" enroll its Medicare-eligible members in the Medicare Part D Prescription Drugs plan, but this is required under the Egg Whip protocol. (In contrast, our prior United HealthCare coverage used the RDS method of receiving Medicare subsidy, which does not require individual enrollment and, therefore, does not require employers/insurers to notify members and provide them the opportunity to Opt-Out.) While the additional layer of communication required by Egg Whip seems onerous and unnecessarily confusing to some, it results in major savings: The 2013 CalPERS Medicare plan premiums are 14% to 22% lower than in 2012 because of this program.

It works this way. An insurer applies to Medicare for a retiree drug subsidy for each Medicare-eligible retiree participating in the plan. In order to get this subsidy, the insurer has to provide documentation of "credible coverage": this means that it has to prove that its prescription plan is as good as or better than the Part D Medicare drug benefit. The insurer then uses the aggregated Medicare subsidy to lower the costs of offering prescription benefits to plan members.

If a Medicare-eligible retiree opts out of Medicare Part D—for example, by filling out the Opt-Out form

included in the CalPERS mailing—the insurer does not get a prescription subsidy for that individual. Since prescription costs constitute a major portion of retiree health insurance coverage, and since Medicare health insurance premium rates assume that a subsidy will be received for an individual, CalPERS takes an all-or-nothing approach: If you opt out of Part D, you lose all your CalPERS coverage, as well as District sponsored dental and vision coverage because these are bundled.

Under the Egg Whip plans, employers/insurers must provide notice of "credible coverage" to all Medicare-eligible individuals who are covered under, or who apply for, the entity's prescription drug plan, whether active employees or retirees, at least once a year. By taking no action (that is, by *not* opting out), you are saying, in effect, "Yes, my employer-provided plan offers prescription coverage that is as good

as  
or



better than the Medicare Part D benefit, so it should get the Medicare Part D subsidy for me." And if you've ever compared our prescription plan with someone who relies on Medicare Part D for that coverage, you know you've definitely made the right choice.

***If you have further questions or wish to make a change, contact CalPERS. Neither FODARA nor the District is the official authority for the CalPERS Health Plans or issues associated with retiree health insurance coverage. Under our CalPERS health benefits plan, CalPERS is the plan administrator and has directed the District to refer retirees to CalPERS for all issues, questions and requests.***

Tom Strand



## YOUR FINANCES

### LEAVING YOUR IRA TO YOUR KIDS?

You probably want them to hang on to the IRA's biggest gift, the long-term tax shelter that allows the assets to grow tax-deferred. The earnings of the IRA—interest, dividends, and capital gains—grow tax-deferred. With Roth IRAs the money can be taken tax-free. A traditional IRA, which you probably have if you got it from the District, means that your heirs will owe income taxes when they take money out of the account. (You may have had to take out minimum amounts already if you're over 70 ½.) In most cases, a good strategy is to leave the maximum amount in the account to grow tax-sheltered which could continue for years.

If your spouse is likely to inherit, the IRA can simply be "retitled" in the spouse's name or

rolled over, tax-free, into a new IRA in the spouse's name. Younger spouses could owe a 10 percent penalty if they are under 59 ½. The penalty can be avoided if the account is retitled as an inherited IRA. Specific rules for retitling specify that, for example, when Bill Smith dies, his young wife should retitle the account as "Bill Smith IRA (deceased Nov. 1, 2012) for the benefit of Sue Smith, beneficiary." Sue can then start taking money without the 10 percent penalty. If Sue is 59 ½ or more she should retitle the account in her own name so that she will not be forced to take minimum withdrawals for tax purposes until she is 70 ½.

A child who receives the traditional IRA and decides to cash out will owe income taxes and, of course, will lose the benefit of the multi-year tax-shelter that an IRA can give. SO! Again the child should retitle the account and say, "Bill Smith IRA (deceased Nov. 1, 2012) for the benefit of his son Bill Smith, Jr., beneficiary." If there is more than one heir, each should retitle his or her share. From then on, withdrawals from each account will be taxed, but the rest grows, tax-deferred.

In conclusion, what should you do? If you want to have your heirs get the continuing benefit of tax-deferred growth of an IRA, leave them a note explaining the importance of retitling.

*Thanks to Tom Moore for finding this information.*

*FODARA does not offer financial advice. Be sure to consult a tax professional to understand how the law affects your unique situation.*

WRITE A NOTE FOR “YOUR MAIL BOX” TOO—Your colleagues might like hearing what you’ve been up to — at least the socially-acceptable stuff, where you’ve been etc. Send an email or letter to the editor or to any Board member. (Addresses, page 2)

STAMP

FODARA mailing label