

APERSpective

Volume 6, Issue 1

SUMMER 2008

A Newsletter for Retired Members of the Arkansas Public Employees Retirement System

Director's Corner

The Arkansas Public Employees Retirement System has just closed the door on Fiscal Year 2008, and what a turbulent year it has been! The shocking mortgage default rate in the US, coupled with sky-high gasoline prices and rapidly increasing food costs have brought the struggling economy front and center for most Americans. These events, in turn, have brought incredible volatility to the capital markets, making the investment arena a challenging place to be. In fact, just three stocks – ExxonMobil, Chevron, and ConocoPhillips made up nearly half of the income growth reported by S&P 500 companies in the first three months of calendar 2008.

Although the APERS investment portfolio had managed to hold onto gains through the first eleven months of the fiscal year, the market downdraft in the month of June meant that we ended the fiscal year with a loss of 4.45%, about average for a public pension fund.

On a brighter note, APERS was Class Representative, or Lead Plaintiff, in civil action against the publicly traded Brocade Communications for stock option back-dating. In late May, the company offered to settle the case for \$160 million, which was the largest back-dating settlement in history. The courts still must act to approve the settlement before we
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Introducing Long-Term Care Partnership

The Arkansas Long-Term Care Partnership, a new cooperative program between Arkansas Medicaid and private insurance companies that offer long-term care insurance, will help Arkansans protect more of their personal wealth if they are faced with long-term care decisions in their last years.



Arkansas Long-Term Care Partnership

In June, Governor Mike Beebe announced the partnership's creation, effective July 1st this year.

Eventually many older Arkansans, may face the reality of needing long-term care. But the escalating costs of such care means few seniors or their families are prepared to pay for it without assistance. When a medical condition or crisis forces an elderly member into long-term care, a senior with no other financial resources often turns to children to help pay for medical services. Or the person faces the hard choice of using virtually all life savings and assets before he or she can become eligible for Medicaid assistance.

The new partnership may help older Arkansans avoid that unwelcome outcome. It's a joint program of Arkansas Medicaid, the Arkansas Insurance Department, and private

insurance companies.

The difference between a partnership long-term care policy, compared to a non-partnership long-term care policy, is asset protection. Normally, seniors have to spend down all personal assets to a minimum \$2,000 to qualify for Medicaid services. Partnership policies allow a policyholder to set aside a portion

of his or her personal assets equal to the amount the policy pays in benefits, and still allow the holder to qualify for Medicaid.

Here's an example. If a Partnership policy holder uses all the benefits of a
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Who do I call about insurance?

Health Insurance - The State Employees and Public School Employees Insurance program is administered by the Employee Benefits Division (EBD) of the Department of Finance and Administration. If you have questions about your insurance coverage, call EBD at (501) 682-9656, or at 1-877-815-1017. Or visit the EBD website at: www.ARBenefits.org.

Life Insurance - Questions about your life insurance should be directed to **Minnesota Life** service center at **1-888-826-2734**.

APERS PROFILE

Employee Profile of Madison Davis

Madison Davis, the new state Social Security Coordinator for the Arkansas Public Employees Retirement System (APERS), joined APERS in April.

Mr. Davis administers the Section 218 agreements that govern voluntary Social Security and Medicare Hospital Insurance (HI), or Medicare HI-only, coverage by state and local government employers. He helps resolve issues that arise from these agreements with the federal Social Security Administration and the IRS. On top of that, Mr. Davis provides information to public employers about the state's enabling legislation, policies, and standards that cover Social Security and Section 218 agreements.

Prior to joining APERS, Mr. Davis served 10 years with the Arkansas Public Service Commission from 1987-1997. Growing up in Lincoln County, Arkansas, Mr. Davis went on to graduate from Gould High School in Gould, AR. He earned an accounting degree from AM&N College in Pine Bluff and furthered his education at the University of Arkansas (Fayetteville).

In addition, Mr. Davis completed a long career as an officer with the United States Army, both on active duty and as a reservist. In 1986, he graduated from the Army's Command and General Staff College.

He also worked many years with several federal agencies, and in January 2008 he retired from the Social Security Administration before joining APERS.

Madison and his wife Mary have been married 24 years.



Director's Corner

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can know what is due to each member of the class. Hearings in the matter are anticipated for this fall sometime.

It has been almost exactly three years since APERS again became a "contributory" system, i.e. employees first hired on or after 7/1/05 are required to contribute 5% of their wages to the retirement system. Fully one-third of the membership is now contributory. Because this means you likely have "skin in the game", it is important that you keep your designated beneficiary current with APERS. If you were to die while still an active member of the system, your beneficiary would receive a distribution of your accumulated contributions plus 4% interest (if applicable).

Similarly, if you leave covered employment and take a Termination Refund of your contributions, the corresponding service credit will be removed from your file. If you were to later take employment in an APERS-covered position, you would be starting completely over, unless you repay the refund **plus 8% interest**. We have already seen many instances where individuals take a refund and then are promptly hired by another covered employer. They are then re-enrolled in APERS – minus their earlier service credit! Also, it is important to understand that termination refunds will take **at least six weeks** to fully process, as we must wait for employers to submit their monthly updates of final wage and service credits.

Finally, if you are even contemplating retirement within the next year or so, start planning now! Baby Boomers are retiring in droves so getting an appointment with a counselor may be as much as six weeks out.

As always, we are here to assist APERS members with their questions and concerns. Let us help you!

Future APERS Direct Deposit Dates

| | |
|------------------|------------------|
| October 1, 2008 | November 3, 2008 |
| December 1, 2008 | January 2, 2009 |
| February 2, 2009 | March 2, 2009 |
| April 1, 2009 | May 1, 2009 |

Deposits are made on the first workday of each month that doesn't fall on a holiday.

Long-Term Care Partnership (Continued from page 1)

\$150,000 policy and is still receiving long-term care, the senior receiving care transitions into Medicaid coverage while protecting \$150,000 of personal wealth. By contrast, if a senior uses up all the benefits of a non-partnership policy but still needs care, he or she has to spend down all personal assets to \$2,000 in order to qualify for Medicaid.

The program allows participating seniors to protect not only monetary savings but also family-owned businesses, or farms. Thus, Arkansas seniors may be able to avoid giving up personal property or selling a business that's been in a family perhaps generations. In essence, the program rewards people who plan further in advance to pay for their own long-term care needs by purchasing these partnership insurance policies at a younger age, thus allowing them to buy more insurance coverage and protect more of their assets.

Long-term care usually refers to a range of extended care ranging from home or community-based services, to services provided in assisted living or nursing home facilities. Care can range from a few hours per week to around the clock care and/or assistance. Most traditional medical insurance policies do not cover long-term care.

To get a list of insurance firms licensed to sell this insurance, call the Arkansas Senior Health Insurance Program (SHIIP) toll-free at 1 (800) 224-6330. Persons with computers may get more details at these two websites:

<http://insurance.arkansas.gov/Administration/LTC.htm>

www.ltcp.arkansas.gov

Factors To Consider Before Purchasing Long-Term Care

What types of long-term care services would best meet your own personal needs and preferences?

How much can you afford to pay each month in premiums? If you are planning to retire, will your reduced income be adequate to meet the costs of the premium?

All long term care policies are medically underwritten, meaning your physical/mental condition and health history will be evaluated. If you intend to purchase a policy, don't wait until you have a medical condition that could make long term care coverage more expensive or unavailable.

In most cases, the premium for a policy will be lower when purchased at a younger age. Also, insurance policies covering long term care services are only offered at certain ages.

(This and other information is available under the "Purchasing A Policy" page of the Arkansas Long-Term Care Partnership website).

Death of a beneficiary

The Arkansas Public Employees Retirement System Benefits Unit needs to be contacted as soon as possible if a designated beneficiary dies before the retiree.

APERS retirees receiving annuities from their A-60, A-120, B-75 or B-50 option designated beneficiaries when they applied for retirement. Members who chose the Straight Life annuity option upon retiring did not choose a beneficiary when they retired because that choice isn't available for a Straight Life annuity.

Retirees with the A-60, A-120,

B-50 or B-75 options who have experienced a change in their designated beneficiary's status, due to death or divorce, may contact APERS toll-free (from outside Pulaski County) at 1-800-682-7377, or call (501) 682-7800 if you live inside Pulaski County.

For retirees with the A-60 or A-120 options - A beneficiary's death will only allow the retiree to choose another beneficiary, not switch to a new annuity option. Selection of a new beneficiary only applies if the new beneficiary could still receive any benefits should the retiree, depending on which A-option

applies, die within 60 months or 120 months of retiring.

For retirees with either B-50 or B-75 option - Under certain conditions, a beneficiary's death may allow the surviving retiree to elect a new benefit option (which might allow an increase in the retiree's monthly benefit). A B-option retiree whose beneficiary dies might be able to designate a new beneficiary, but it's unlikely because the eligibility circumstances are rare. Benefits staff will help a retiree determine if they are eligible to do this if a designated beneficiary dies before them.

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In this issue...

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APERSpective is a publication of the Arkansas Public Employees Retirement System and is distributed for the information of APERS annuitants, beneficiaries and survivors.

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Fitness Tips for Healthy Aging

It doesn't feel good. It's boring. I'm afraid of falling. These are some statements older adults (and other age groups as well) give as reasons to avoid becoming physically active, according to Centers for Disease Control information on physical activity recommendations for older adults.

But exercise is as important - if not more - for older persons as for others. Increased physical activity helps seniors maintain their stamina and weight. The CDC adds that older adults should not overlook the importance of a moderate strength training program to help slow natural muscle deterioration from aging.

The CDC/ACSM information recommends all adults, at a minimum, perform 30 minutes of moderate activity 5 days a week. The literature suggested the program include activities that improve older adults' cardio respiratory stamina; physical strength, and flexibility. Following are some suggested CDC

activities to improve these three areas (the CDC website adds seniors should try activities most enjoyable to them).

Cardio respiratory - Walking, dancing, swimming, hiking, or simply rolling your wheelchair.

Strength - Chair exercises, lifting weights or cans, carrying laundry or groceries, yard work, scrubbing floors, or washing the car.

Flexibility - Stretching, yoga, tai chi.

The CDC notes several for-profit gymnasiums now offer more programs for older adults. If you can't afford to pay to use a gym, many communities offer free exercise options, such as indoor or outdoor walking tracks or trails, or even public pools. Many cities have public fitness centers with walk tracks, basketball and racquetball courts.

(Most information from a CDC web topic "Physical Activity For Everyone/ Recommendations/Older Adults.")