



# Retirees Association NEWSLETTER

P.O. Box 5335 • Pittsburgh, PA 15206-0335 • 412-539-9307 • <http://ACRetirees.org>

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## SAYING GOODBYE AND THANK YOU TO PRESIDENT PAT CRAY



Our November Annual Meeting was President Pat Cray's last meeting with us, as she is moving to Allentown to be closer to her children. Pat was appointed Recording Secretary in July of 2006 and elected President of ACRA in November 2007, taking office immediately upon election. She came with a vision for ACRA: one of transparency of operations and service to its Members. Not only service to our Members but, as witnessed by this past two years, she served all retirees in pushing

for an increase in our pension benefits. She established regular luncheons, the Walk 'n' Talks for outside activities, good record keeping and informative programs.

ACRA presented her with an engraved crystal vase in appreciation for her presidency and a colorful bouquet of flowers to put in it. Luncheon attendees also enjoyed an extra dessert of a cake in her honor, decorated in the blue and gold ACRA colors.

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## UNDERSTANDING YOUR PENSION PLAN

This was the title of the talk given by Paul Halliwell of Cowden Associates at our September luncheon. He was one of the architects of our pension plan and its funding mechanism. With nearly 50 year's experience with our Plan, he explained why our fund is unusual and why it is doing unusually well when compared to other public plans.

He suggested that without pensions, excluding Social Security, families would need to save about 20% of their income over their working career to provide for a comfortable retirement. Many employers have marginalized or eliminated private pension plans.

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## ACRA NEEDS YOU!

Your ACRA Board is comprised of four officers and five Board members, each holding the position for two years. There are currently several Board member positions open. We invite you to express an interest in keeping our organization vital by volunteering to fill one of the open positions.

The election for Board members was held last year; therefore, there is one year remaining for each opening. This is an excellent opportunity to help identify and organize social and educational activities for you and your fellow

members on a half-term basis. During the next year if you find the experience enjoyable, you may choose to run for a full two-year term.

The time demands are not excessive. The Board meets once a month before the luncheon meetings from September through December and April through June.

Keep ACRA moving forward. Accept the challenge by noting your interest with your reply for the December party, talk to



one of the Board members at the luncheon, or leave a contact message on the ACRA voice mail: 412-539-9307.

We need your ideas and participation to continue the great work of our retiring president, Pat Cray, during her years leading the organization.

*By Guy Tumolo*

## COLA'S: THE RETIREMENT BOARD'S 5-YEAR PLAN

At their January 2015 meeting the County's Retirement Board adopted a 5-year plan for Cost of Living Adjustments (COLAs) for retirees. The plan was recommended and presented by John Weinstein, County Treasurer and Board Chair. The plan is meant to take into account the integrity of the Pension Fund while addressing retirees' request for a cost of living increase in pension benefits.

The plan awarded a \$20 per month pension increase effective February, 2015 to members retired at least one year. The approval was made based on the Board's analysis that "at the beginning of 2015 the Pension Fund was projected to be indefinitely solvent and capable of paying benefits to vested members of the plan", according to the recently published minutes of the January, 2015 meeting. Future COLAs will be considered at two-year intervals. The next considerations will be for 2017 and 2019.

The Board will consider future COLAs if the following criteria are met:

- The Market Value of Assets in the Pension Fund must reach specific predetermined dollar thresholds. The target for 12/31/16 is \$950 million, and the target for 12/31/18 is \$1.05 billion.
- Actuarial projections each December must show the fund is projected to maintain solvency.
- Similar projections that include the COLA under consideration must also show the Fund is projected to maintain solvency.

However, the Board retains the full discretion to approve or disapprove any COLA, even if these criteria are met.

In addition the Board is discussing a change in legislation that will permit the awarding of a "bonus" instead of an increment to the monthly pension amount.

*By Roger Westman and Guy Tumolo*

## IN MEMORIAM

NAME	DATE OF DEATH	NAME	DATE OF DEATH
BANNON, LOIS L.	08/21/2015	MATELAN, GEORGE S.	09/11/2015
BUBANIC, ROBERT	08/01/2015	MCFALL, BARBARA B.	10/19/2015
CLARKIN, JOHN I.	10/21/2015	MCINTYRE, MYRLE	08/28/2015
CONDY, DOROTHY J.	08/21/2015	METLIN, CLARA	09/19/2015
DINARDO, AMEDEO	08/24/2015	MILLER, ROBERT J.	10/22/2015
FABEC, JOSEPH H.	10/29/2015	MORRISSEY, PHILIP E. J.	10/07/2015
FLAHERTY, WILLIAM J.	09/06/2015	PACOSKY, JACQUELINE C.	09/13/2015
FLANAGAN, BARBARA J.	08/28/2015	REIS, CHRISTINE J.	09/07/2015
FRANK, HENRY	08/07/2015	STELITANO, JAMES J.	10/15/2015
FRANKENBURG, RICHARD J.	09/15/2015	UZIEL, CLARA E.	08/16/2015
FRAZIER, KATHERINE	10/01/2015	VIOLI, PAT	10/02/2015
IVERSEN, LOIS A.	09/24/2015	WAKELING, JOSEPH A.	10/10/2015
LEVI, VIRGINIA A.	09/02/2015	WELSH, JAMES D.	10/17/2015
MALONEY, RICHARD A.	08/25/2015		



**Current ACRA members have recently received an invoice for 2016 dues. If you are not an ACRA member, join now to continue receiving quarterly newsletters, voting privileges, and invitations to luncheons and other special events.**

## 2016 NEW MEMBER APPLICATION

*Please complete and mail this application with your dues. Please print clearly.*

Last Name \_\_\_\_\_ First Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_ -- \_\_\_\_\_

Telephone Number \_\_\_\_\_

Email Address \_\_\_\_\_

Department Retired From \_\_\_\_\_

**Annual Dues: \$15.00** Optional Donation \_\_\_\_\_ Total \_\_\_\_\_

**PLEASE ENCLOSE CHECK AND MAIL TO:  
ACRA, P.O. Box 5335, Pittsburgh, PA 15206-0335**

## SAYING GOODBYE AND THANK YOU TO PRESIDENT PAT CRAY

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The luncheon speaker was David Newell, better known to us as Mr. McFeely of Speedy Delivery from Mr. Roger’s Neighborhood. He had lots of wonderful stories

to share of Fred Rogers as well as his own background and how he got involved in the show. We ended by singing the TV theme song along with a video. For all

she has done for ACRA, we hope Pat will always be considered part of our neighborhood.

*By Roger Westman*

## UNDERSTANDING YOUR PENSION PLAN

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The legislature established the County as a second-class county in 1953 and formed the pension plan at the same time. The original County plan dates back to 1915.

One thing that makes our pension plan unique is the “defined benefit” aspect of the plan. Except for public plans, few employers now have such plans, choosing instead to offer “defined contribution” plans that specify what employees or employers must put in, but not what the pensioner will receive. He hoped there would be no movement towards the County adopting a defined contribution plan in the future.

Allegheny County’s plan can be thought of as two plans in one: an employee plan and an employer plan combined together. A unique feature is that for every \$1 the employee contributes, the County must also contribute \$1. Plans elsewhere often let the employer determine what their contribution will be based upon various actuarial, accounting and regulatory requirements and, as such, often contribute the absolute minimum required.

Currently, active County employees number about 7000, down from 7700 in 2010. That’s approximately 1.5 employees for every retiree, but because we are a large municipal government, we can

assume the long-term viability of the County. The average age of employees is 48 years; the average of age of retirees is 74 years. Because of its long-term viability, the County can properly use an “open group” concept in looking at the Pension Fund’s health. It is reasonable to assume that there will be replacement employees entering County employment as the current population retires.

Paul feels that the wrong “funding” statistic on pension plans is often reported. Typically reported is the ratio of accrued benefits to current fund assets. A new plan would obviously have a ratio of zero, but that is not necessarily bad as long as future contributions have been properly established. A more meaningful statistic Paul calls the Total Security Funding Ratio (TSFR). The TSFR is the ratio of all liabilities (accrued and future) to all assets (current plus future contributions). In the long run this ratio must equal 100%. Considering only the current population and the current 9% contribution rate, our TSFR is about 80%. That’s enough to meet the Fund’s obligations for the next 40 to 50 years without any replacement employees. If we consider the influx of new employees (the “open group” method), we could attain a TSFR of 100%, or more, by 2050.

Being 100% funded is a very good thing, but the hardest thing will be to maintain that level of funding once attained. There is a lot of pressure at that point to be conservative and maintain that level versus taking the risks needed to keep up good rates of return.

There are enough assets now, about \$837 million, to cover the current retiree liabilities, estimated to be \$685 million. In contrast, the County Fund paid out \$78.8 million in 2014 while receiving \$60.0 million in new contributions (not including investment income).

In 2008, the Fund lost about 24% of its value, but performance between 2008 and 2015 has averaged more than 10% per year, a rate that exceeded the actuarial assumed rate. The employee contribution rate has been increased from 6% in 2010 to 9% effective in 2015. The Retirement Board had not yet made a determination of the 2016 contribution rate but will probably do so before the end of this year. Mr. Halliwell stressed that, being a mature fund, the investment performance of the Fund is a far more important factor than the rate of contribution.

*Summary by Roger Westman and edited by Paul Halliwell*

## PRESIDENT’S REPORT NOVEMBER 2015

“Never can say good-bye . . . “.

I’m not sure why I’m channeling Motown this morning, although there is a certain logic.

It wasn’t supposed to happen this way. I thought I’d have more time, the transition would be more gradual. But, then, the house sold quickly, the new owners wanted to take possession immediately, the kids—my kids—found something near them; and, so, my friends, on November 30 I’ll be on a truck headed to a new life in Allentown, PA.

On the other hand, my work with ACRA had reached a natural end point with the recent election and the introduction of a new administration. I’ve served ACRA in one capacity or another for ten years; and now it’s time for new ideas and new leadership.

**The reason you didn’t receive a ballot:** The October luncheon meeting was the time and place announced to take nominations for the four Officers’ positions. Guy Tumolo nominated Roger Westman for President, and Roger nominated Guy for Vice President. (Each position received only one nomination.) NO ONE’s name was placed into nomination for Secretary and Treasurer. There being no contest for any position, the ballot mailing was canceled.

Fortunately, our Bylaws cover such a situation and give the Board of Directors authority to make appointments to vacant positions; those candidates must then run for election next year.

But, my friends, if there aren’t two people out of our total membership willing to fill these essential roles, how can ACRA continue to function as a viable organization?

If you’ve enjoyed our programs—or even if you haven’t and would like to see change—GET INVOLVED. It’s not time-intensive on a regular

basis. Board meetings are usually scheduled for the morning of our luncheon meetings; the rest of our communications are handled through email. Yes, everyone is expected to help out with the various ACRA activities; but if everyone simply does their share, it really is manageable. And we always have wonderful volunteers willing to lend a hand.

**A huge THANK YOU:** I’d like to say a final thank you to, first of all, my Board members, past and present: Your participation, in whatever capacity, got us to where we are today. I and everyone else owe you a debt of gratitude. I’d also like to thank Bill Ortmann and Bob Muessner who help out on the registration table every month, to Ray Diehl and his 50/50 helpers who make someone very happy every month, and to past project volunteers Marge Lubawy, Donna Brusco, Mary Ann Sapienza, Julia Smith, Uta Schwan-Ulbrich, Louise Schaffer, Jim and Betty Killmeyer, Barbara Elnyczky and Marian Gremba (and if I’ve forgotten someone, please forgive me. I’m at that age.).

I’m especially sorry I’ll be missing our Annual Christmas Party. The Keystone Four Barbershop Quartet will be performing this year, and, of course, you’ll have your Chinese Auction and raffle items. Once you receive your postcard announcement, make sure to send in those reservations.

It’s been my privilege to serve as your president. I wish you a blessed holiday season making happy memories with loved ones—a turkey with all the trimmings, Santa, some jingle bells and a reindeer sighting or two—and most especially, good health in the new year!

With warmest wishes,



## TREASURER’S REPORT

### Assets

Date	Money Market Acct	Checking Acct	Vanguard Acct	Postal Acct	Petty Cash	Total
10/01/14	0.00	15958.00	26830.04	1552.09	0.00	44340.13
09/30/15	0.00	13056.00	30823.62	3224.05	0.00	47103.67
					<b>Difference</b>	2763.54

### Income

Dues	Donations	Other	Luncheon & fees M.M trns	Pay Pal	Total	
14538.5	0		4509.27	3819.44	300.39	23167.6

### Expenses

Printing & Postage	Admin & Other	Meeting Costs & Luncheon Subsidies	USPS	Other	Web site	Total
7836.55	2136.14	7938.75	3000	700	1874.96	23486.4

**Difference** -318.8

We have managed to keep expenses in line this year, even with the added costs of our colored newsletter and the first annual ACRA picnic. We’ve been printing and preparing new membership packets and giving them to the Retirement Board to send to newly-retired County employees. We have noticed an increase in memberships. The year-end membership renewals and new member sign-ups will hopefully continue this trend. These numbers will be available in early February.

You will notice that we ended the year with a slight increase in our assets: \$2763.54. We had a

small profit from our Vanguard investment. But our operating expenses surpassed our income for the year by \$318.80. This is due to the added costs of managing our website, printing our newsletter in color, along with other printing and mailing expenses. I added a new cost section, above, to show our website management expenses, important for keeping ACRA members up-to-date on our operations, as well as reaching a wider audience. Other expenses included our annual audit and bonding fees. I’m sure, with the efforts to recruit new members, our income with soon balance our expenses.

Annual dues and donations provide 99% of our income. Obviously, our ability to exist is dependent on the generosity of our dues-paying members. Our reserve enables us to weather periods of deficit spending; however our long term viability requires us to maintain expenditures in line with our income. With our members’ ongoing participation and support, the Officers and Directors will continue to work to maintain your confidence in ACRA.

Respectfully submitted,  
Kenneth Bell  
Treasurer

## TWO IMPORTANT PHONE NUMBERS

**Allegheny County Retirees Association (ACRA): 412.539.9307**

*Call for questions about your membership, luncheons or other activities.*

**Retirement Board of Allegheny County (RBAC): 412.350.4674**

*Call for questions about your pension or life insurance.*