

# Living **power**

*For all who have made a living and now wish to make a life*

May-June 2013

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## **Legislative Session: Low Key for Retirees Thus Far**

This session of the General Assembly began with widespread expectations that the General Assembly would give priority to balancing the state budget and modernizing the state's tax code. Governor McCrory submitted a balanced budget proposal in March that now is being reviewed by the state Senate. Additionally, several tax reform proposals have been discussed but only one comprehensive bill has been introduced.

However, a great deal of time in this session has been devoted to debating a variety of controversial bills, such as measures that would restructure state regulatory commissions, increase voter identification requirements, introduce tax credits or vouchers for parents of private school children, and remove ownership of certain airports and water systems from the ownership of local governments.

By contrast, this has been a relatively quiet and positive session for state and local retirees. Only one controversial

bill proposing to restructure the Teachers' and State Employees' Retirement System (TSERS) to provide employees hired after some time in 2014 with a choice of participation in the traditional defined benefit pension plan or a defined contribution plan has been introduced. Following are details of legislation affecting our retirement systems:

### **Governor's Budget Generous to State Retirees**

Governor McCrory unveiled his proposed budget for the 2013-15 bienniums in March. The proposed budget includes appropriations for retired teacher and state employee retirement benefits. These recommendations are outlined below.

- The proposed budget includes \$36 million in each year of the biennium to meet the Annual Required Contribution rate for the state retirement system.
- The Governor has proposed a 1.0% Cost-Of-Living Adjustment (COLA) for retired teachers and state employees as well as



*Continued on Page 2*

## **Legislative... (Cont'd.)**

members of the Consolidated Judicial Retirement System effective July 1, 2013. Since there were not sufficient investment gains to fund a COLA, Governor McCrory has asked the General Assembly to appropriate approximately \$35 million beyond the amount needed to meet the Annual Required Contribution rate.

The proposal includes \$181 million to fund the new initiatives that were proposed by the State Health Plan for the next two years. Member premiums also will rise by 4.7 % in each year of the biennium. The additional appropriations will cover the costs associated with conversion to a calendar year in 2014 and the introduction of Medicare Advantage options for Medicare eligible retirees.

The Senate continues to work on the budget. Observers expect the Senate version of the budget to incorporate most of the Governor's requests and to be released by May 20<sup>th</sup>.

### **Treasurer Seeks Greater Investment Flexibility**

State Treasurer Janet Cowell has asked the General Assembly to provide greater flexibility for the Department of State Treasurer to invest in alternative types of investments. The Treasurer's request reflects concerns that the slow pace of economic recovery continues to limit investment returns in the major retirement systems. Currently, the Treasurer does have the authority to invest in several types of alternative investment vehicles. However,

each type currently is subject to a specific categorical cap.

Senate Bill 558, Treasurer's Investments, was introduced by Sen. Ralph Hise as requested by the Department of State Treasurer. The bill provides additional flexibility for alternative investments across category lines. The alternatives include asset backed securities, limited liability investment vehicles, inflation indexed bonds, and collective trust funds and group trusts. These investments collectively cannot exceed 40% of the market value of the systems and no single group can exceed 15% of market value. Senate Bill 558 was approved by the Senate in early May and is expected to pass the House by June 1.

### **Retirement Fiscal Integrity Act Draws Opposition**

House Bill 381, Retirement Fiscal Integrity Act of 2013, was introduced by Representative Collins as an agency bill requested by the Department of State Treasurer. The bill aims to control the long-term costs of the current Defined Benefit pension systems. Several of the bill's provisions are either non-controversial or do not affect current retirees or vested employees.

House Bill 381 rolls back the 10-year vesting requirement for the Teachers' and State Employees' Retirement System (TSERS) that was approved two years ago. If approved, the vesting period for TSERS would revert to the old five-year vesting

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*Living Power* is published to provide current information for NCRGEA's membership. Newsletters are printed bimonthly and mailed to all members of NCRGEA. Your comments are welcome.

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## **Legislative... (Cont'd.)**

requirement for employees hired since August, 2011 and all new hires.

The section of the bill that has drawn opposition by employee groups calls on the State Treasurer to propose the legal and administrative framework for an optional retirement program by May, 2014. This plan, if adopted by the General Assembly, would allow newly hired teachers and state employees to choose whether they would participate in the traditional Defined Benefit plan or elect coverage in the optional Defined Contribution plan. The Treasurer has expressed support for this choice system as a way of controlling the long term costs of retirement benefits and giving new employees greater career flexibility. Usually, contributions to defined contribution plans by employers and employees are fully portable if the employee leaves state service.

Employee groups see this proposal as the first step to dismantling the traditional Defined Benefit plan. These groups point out that only the way savings would be achieved would come from reducing employer contributions and retirement benefits. Although current state retirees are not directly affected, members have expressed concern that the General Assembly would not adequately fund two systems over the long term.

House Bill 381 has not moved ahead despite support from the Department of State Treasurer. The bill remained in the

House Committee on State Personnel as of May 14<sup>th</sup>.

### **House Bill 357: Retirement System Governance Changes of 2013**

This bill consolidates the governance of several pension systems under the Boards of Trustees of the Teachers' and State Employees' Retirement System (TSERS) and the Local Governmental Employees' Retirement System (LGERS). The TSERS Board of Trustees assumes responsibility for the oversight of the North Carolina National Guard Pension Fund and the Legislative Retirement System. The LGERS Board of Trustees picks up oversight responsibility for the Firefighters' and Rescue Squad Workers' Pension Fund and for the Registers of Deeds Pension Fund.

Currently, there are five members representing the general public on the LGERS and TSERS Boards. Under the provisions of HB 357, one of these positions would be converted and designated as a representative of the National Guard serving on the TSERS Board. Another of the general public slots would be converted to a designated slot for a firefighter or rescue squad worker to serve on the LGERS Board. House Bill 357 was approved by the House on May 8<sup>th</sup> and sent to the Senate. This bill proposes the consolidation of smaller retirement fund governance.

### **Crossover Deadline at Hand**

The General Assembly set May 16 as the crossover deadline for legislation that

*Continued on Page 4*

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## **Legislative... (Cont'd.)**

does not include tax changes or state appropriations. Bills not covered by these exceptions must clear the legislative chamber in which they were introduced in order to remain eligible for action this year. We expect that many of the controversial proposals that were filed early in this session may be ineligible for further consideration. We expect the General Assembly to return to consideration of the budget and discussion of tax reform.

The Committee Substitute for HB 357 received a favorable report in the House Committee on State Personnel and was re-referred to the Committee on Appropriations.

### **SUMMER HOURS**

**The Association's office would like to remind you of our upcoming summer schedule. Beginning the week of May 27, our office will be open on Monday – Thursday from 7:30 a.m. to 5:00 p.m. and on Fridays from 7:30 a.m. to Noon.**

**We will be closed on Monday, May 27 for Memorial Day; Thursday, July 4 for the Independence Day; and Monday, September 2 for Labor Day.**

**If you call after hours or on a holiday or weekend, please leave a message and we will call you back during business hours.**

**Enjoy your summer!**

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## **Meet Cathy Spruill**

NCRGEA welcomed a new employee in May. Cathy Spruill joined the staff as our part-time Office Assistant to answer NCRGEA phones and respond to members' inquiries. A recent retiree—she didn't rest for long. Cathy was not a stranger to NCRGEA; she was a frequent presenter at our district meetings for the Retirement System. She retired from state government on April 30<sup>th</sup> and came to work with NCRGEA the next day.

Cathy worked for the state for 21 years, retiring as a Retirement Benefits Counselor for the NC Retirement Systems Division. She also worked 17 years with Beneficial Finance prior to going to work for state government.

Cathy is originally from Havre De Grace, MD but has lived most of her life in Raleigh. She is a graduate of Needham Broughton High School and graduated from Peace College. She earned a Sociology degree with a minor in Psychology from Old Dominion University in Norfolk, Virginia.

Cathy is married to Marshall, and has one daughter, Susan, who is a teacher with Suffolk City Schools in Virginia. She also has two grandchildren. Cathy and Marshall love cats and they have six. Her hobbies are water and snow skiing and snorkeling. She often travels to Hawaii to visit her brother, owner of The Original Hawaiian Chocolate Factory in Kona, Hawaii.

We know you will enjoy talking with Cathy.

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## State Health Plan Annual Enrollment Period Is May 20-31, 2013

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### **The State Health Plan will conduct Annual Enrollment May 20-31, 2013.**

There are no premium increases or major plan changes associated with this Annual Enrollment period. If you are satisfied with your current plan and do not need to drop or add coverage for you or your dependents, no action is required. **Any plan changes made during this time will become effective July 1, 2013.** As a reminder, after this enrollment you will not be able to add or drop coverage without a qualifying life event until the next enrollment period, so it is important you make any necessary enrollment adjustments during this Annual Enrollment period.

Please note this change to the mental health/substance abuse office copay: Beginning July 1, 2013, this copay has been reduced to align with the primary care visit copay. For the 70/30 Basic Plan, that copay is \$35. For the 80/20 Standard Plan, the copay is \$30.

### **New ID Cards**

Because the mental health/substance abuse copay is changing, all members will receive a new ID card in June. The Plan encourages members to have a Primary Care Provider (PCP) to provide proactive, preventive and chronic care management throughout all stages of their lives. You will be able to select a PCP for yourself and any covered dependents during enrollment. Your selection will appear on your

member ID cards. With the addition of the PCP information, each family member will receive an individual ID card. If you are enrolled in the Express Scripts Medicare Part D Prescription Drug Plan you already have individual ID cards for you and your dependents.

### **Plan Year Change**

Currently your benefit year runs from July 1-June 30. However, the State Health Plan Board of Trustees recently approved moving the benefit year to a calendar year. For a smooth transition to a calendar year benefit period, the upcoming benefit period will only be six months: July 1, 2013 – Dec. 31, 2013. This means your deductibles and out-of-pocket maximums will be reduced by half. It also means you will have a second open enrollment period this year.

There will be new plan design options for both Medicare Primary and State Health Plan primary retirees, including Medicare Advantage Plans. Open Enrollment for these new plan options will be conducted in October. More information will be sent to you later this year.

**If you have additional questions about your benefits, please visit the State Health Plan website at [www.shpnc.org](http://www.shpnc.org) or call Blue Cross and Blue Shield of North Carolina Customer Service at 1-888-234-2416.**



*NCRGEA Executive Director Ed Regan is presented the Jim Long Outstanding SHIIP Service Award by SHIIP Deputy Commissioner Van Braxton.*

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## **SHIIP Announces 2013 Statewide Award Winners**

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Insurance Commissioner Wayne Goodwin has announced the winners of four statewide awards from SHIIP, the Seniors' Health Insurance Information Program of the Department of Insurance. They are SHIIP County of the Year, SHIIP Coordinator of the Year, the Mickey Hanula Volunteer of the Year and the Jim Long Outstanding SHIIP Service Award.

"SHIIP would not be able to serve our state's 1.5 million Medicare recipients without the help of our volunteer and coordinator networks in all 100 counties," said Goodwin. "While all of our nearly

1,000 volunteers and coordinators do an outstanding job, we are proud to honor those who have stood out for their service this past year. These award winners provide excellent service to North Carolinians, and I'm honored that they are a part of our SHIIP family."

This year's awards were presented by SHIIP Deputy Commissioner Van Braxton at the North Carolina Association on Aging Annual Training Conference in Raleigh on April 18.

Congratulations to the following recipients:

**SHIIP County of the Year:** SHIIP's coordinating site in Durham County is Senior PharmAssist, Inc. This group of 13

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## **SHIIP Awards (Cont'd.)**

volunteers provided counseling to more than 1,300 clients in their county and reached out to more than 1 million residents through various outreach efforts.

**SHIIP Coordinator of the Year:** Carmen Long works with North Carolina Cooperative Extension, SHIIP's coordinating site in Surry County. Through her outreach efforts, she reached more than 1 million individuals, and she and her three volunteers counseled more than 400 Medicare beneficiaries.

**Mickey Hanula Volunteer of the Year:** Joe Buckner is from SHIIP's Randolph County coordinating site, Randolph County Senior Adults. Joe counseled 295 beneficiaries and worked at his counseling site every week during Medicare's Annual Election Period.

**Jim Long Outstanding SHIIP Service Award:** Ed Regan, executive director of the North Carolina Retired Governmental Employees' Association, is a tremendous advocate for SHIIP and has been instrumental in partnering with SHIIP to provide updated information to his association members.

"I congratulate all of the 2013 award winners," Goodwin said. "SHIIP provides a valuable service across the state, and the need for our Medicare counseling will only grow as North Carolina's Medicare population expands."

SHIIP is a division of the North Carolina Department of Insurance that offers free, objective information about Medi-

care, Medicare prescription drug coverage, Medicare Advantage, long-term care insurance and other health insurance information. SHIIP's trained volunteers provide one-on-one counseling in all 100 counties. For more information about SHIIP or to get answers to Medicare questions, call SHIIP directly at 800-443-9354 or visit [www.ncshqip.com](http://www.ncshqip.com).

### **Butner Chapter to Meet on July 9**

The Butner chapter will hold its second meeting of 2013 on Tuesday, July 9, 2013 at the Murdoch Chapel on the Murdoch Center Campus at 1600 East C Street. Program and registration information will be mailed in mid-June. We will discuss the current session of the General Assembly and also proposed changes to the State Health Plan for 2014.

The Butner Chapter serves NCRGEA members in Durham, Franklin, Granville, Nash, Orange, Person, Vance, and Warren counties.

We encourage you to bring your local and state government retiree friends to this meeting! There is no cost to attend!

## In Memory



### **Robert "Bob" D. Warren NCRGEA Board Director**

We were saddened to learn of the death of one of our former NCRGEA Board Directors in early May. State Senator Robert "Bob" Warren of Johnston County died at age 84.

Senator Warren was a Sampson County native and a graduate of North Carolina State University. He began his education career as an agriculture teacher at Anderson Creek and Benson High Schools. He served as Principal of Benson Elementary School and Benson High School. He served as the Director of Driver's License for North Carolina. After his retirement, he was elected to the N.C. Senate and served from 1980 through 1988. After his senate term, Senator Warren was the senate liaison to Senator Henderson Barnes. He served on the NCRGEA Board of Directors in 2005-2006.

## **Beat The Heat -- Don't Let It Beat You**

**Summer time is almost here and this means hot weather that can be a potential problem for seniors who are at higher risk for heat-related illness.**

Over the last few years it seems that not a summer goes by without a fatal heat wave and seniors especially are at risk from heat related health problems. Seniors, as well as many other people, who have chronic illnesses such as heart disease, obesity, uncontrolled diabetes, Parkinson's disease and numerous other medical conditions are susceptible to heat issues. Many seniors who take blood thinners wear thicker clothing because they are more sensitive to air conditioning when indoors, can quickly become overheated outside.

Heat-related health issues can range from mild discomfort to full-fledged emergencies. You should keep in mind, and not ignore the symptoms of these heat-related conditions.

**Heat stress** occurs when a strain is placed on the body as a result of hot weather. Heat fatigue is a feeling of weakness brought on by high outdoor temperature. Symptoms include cool, moist skin and a weakened pulse. A person may also feel faint.

**Heat syncope** is sudden dizziness experienced after exercising in the heat. The skin appears pale and sweaty but is

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## **Beat The Heat (Cont'd.)**

generally moist and cool. The pulse may be weakened, and the heart rate is usually rapid. Body temperature is normal.

**Heat cramps** are painful muscle spasms in the abdomen, arms, or legs following strenuous activity. The skin is usually moist and cool and the pulse is normal or slightly raised. Body temperature is mostly normal. Heat cramps often are caused by a lack of salt in the body, but salt replacement should not be considered without advice from a physician.

**Heat exhaustion** is a warning that the body is getting too hot. The person may be thirsty, giddy, weak, uncoordinated, nauseous, and sweating profusely. The body temperature is usually normal and the pulse is normal or raised. The skin is cold and clammy. Although heat exhaustion often is caused by the body's loss of water and salt, salt supplements should only be taken with advice from a doctor.

**Heat stroke** can be LIFE-THREATENING! Victims of heat stroke almost always die so immediate medical attention is essential when problems first begin. A person with heat stroke has a body temperature above 104° F. Other symptoms may include confusion, combativeness, bizarre behavior, faintness, staggering, strong rapid pulse, dry flushed skin, lack of sweating, possible delirium or coma.

### **Preventing Heat Related Health Conditions**

- Wear light-colored, lightweight, clothing

that is loose-fitting for air circulation.

- Wear a hat or use an umbrella when outside, even if you are not in the direct sun. Use sunscreen with an SPF of 15 or greater anytime you go outside.

- Water is the beverage of choice in the summer. Drink water before outdoor activities and drink water at regular intervals during the day. Avoid beverages with caffeine or alcoholic beverages that can aid dehydration.

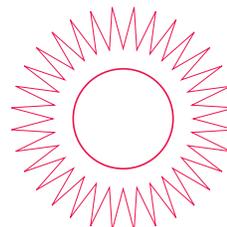
- Schedule your outdoor activities for cooler times of the day--before 10 a.m. and after 6 p.m.

- During outdoor activity, take rest breaks frequently and drink water every 15 to 20 minutes, even if you don't feel thirsty. If you have clear, pale urine, you are probably drinking enough fluids.

If you have a chronic medical problem, talk with your doctor about additional precautions you should take to prevent heat related illness. Some conditions and medications may place you at higher risk.

If you show any signs of heat related illness try to get to a cooler place as soon as possible, sip some cool fluids and sponge yourself off using lukewarm tap water (not cold water).

If you are not sure if you are having a heat-related injury, call 9-1-1 and ask for assistance. It's always better to ask the medical professionals.



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## **529 Plan Account Ownership and Financial Aid**

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Are you setting funds aside for a grandchild's college education? If so, the NC 529 plan is an excellent savings vehicle as it offers several tax advantages.

You can make contributions to an NC 529 account that you own, or to an NC 529 account owned by someone else, such as the parent of your grandchild. In either case, annual contributions you make up to \$2,500 (individual) or \$5,000 (married, filing jointly) are deductible from your North Carolina taxable income. Qualified withdrawals from the NC 529 account for higher education expenses such as tuition, fees, room and board, and books are tax free.

Your grandchild's eligibility for financial aid can be impacted by who owns the 529 account.

### **Grandparent as Participant**

If you open an NC 529 account as the participant (owner) with your grandchild as the beneficiary, you control how the funds are invested and distributed. If your grandchild does not attend college or does not need the funds, you can change the beneficiary to another member of your grandchild's family. Funds in the 529 account are counted as your assets. This means that as long as the funds remain in your account, they are not included for the purpose of determining how much financial aid your grandchild can receive.

However, when you make withdrawals to help pay your grandchild's qualified education expenses, the withdrawn funds are income to the grandchild and reportable on his or her Free Application for Federal Student Aid (FAFSA). This additional income may reduce the amount of financial aid your grandchild is eligible to receive.

### **Parent as Participant**

If the parent is the participant (owner) of the NC 529 account with your grandchild as the beneficiary, the parent controls the funds, and the funds will be counted as the parent's assets. Assets belonging to the parent are reported on the FAFSA and will have a small impact on your grandchild's eligibility for financial aid.

However, when the parent withdraws funds to pay for your grandchild's qualified education expenses, those withdrawals will not count as your grandchild's income. You, as the grandparent, can still make contributions to the account and receive the state tax deduction if the parent is the participant.

### **Should I be the 529 Participant?**

Owning the 529 account and being able to control the funds may be more important to you than financial aid considerations. Also, if you use the 529 funds to pay only for the final year in college, then the income rule would not make any difference since the student will not be applying for financial aid for the following year.

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## NC 529 Accounts (Cont'd.)

NC 529 accounts are not State Employees' Credit Union (SECU) deposit accounts; they are administered by the College Foundation, Inc. If you would like to open an account, you can do so online at [www.cfnc.org/nc529](http://www.cfnc.org/nc529) or SECU members may visit your local branch to get the assistance of a Credit Union employee.

State Employees' Credit Union®



## Get Legislative Reports by Email

It getting busy downtown at the General Assembly! The proposed State budget is now under review and activity is ratcheting up. It's important for you to know which bills, committee activities or legislative actions are in process or soon going for vote that might impact your retirement benefits.

NCRGEA posts a Legislative Report weekly providing you with up-to-date legislative activities. These are accessible through our toll-free number 1-800-356-1190, or you can sign up to receive it by email. Email your full name (first, middle and last name) and your email address to [donna@ncrgea.com](mailto:donna@ncrgea.com). We also post these reports on the NCRGEA website [www.ncrgea.com](http://www.ncrgea.com).

## Warning Signs of Stroke

Learn the many warning signs of a stroke. **Act FAST** and **CALL 9-1-1 IMMEDIATELY** at any sign of a stroke.

Use **F-A-S-T** to remember the warning signs:

- F FACE** Ask the person to smile. Does one side of the face droop?
- A ARMS** Ask the person to raise both arms. Does one arm drift downward?
- S SPEECH** Ask the person to repeat a simple phrase. Is their speech slurred or strange?
- T TIME** If you observe any of these signs, call 9-1-1- IMMEDIATELY.

Be sure to **NOTE THE TIME WHEN ANY SYMPTOMS FIRST APPEAR**. If given within three hours of the first symptom, there is an FDA-approved clot-buster that may reduce long-term disability for the most common type of stroke.

Stroke symptoms include:

- SUDDEN numbness or weakness of face, arm or leg – especially on one side of the body.
- SUDDEN confusion, trouble speaking or understanding.
- SUDDEN trouble seeing in one or both eyes.
- SUDDEN trouble walking, dizziness, loss of balance or coordination.
- SUDDEN severe headache with no unknown cause.

Call 9-1-1 if you have any of these symptoms.

For additional information, go to the website of the National Stroke Association [www.stroke.org](http://www.stroke.org).



*North Carolina*  
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## 2013 Retiree Pay Dates

Date Retirement Payment is Issued (Date payment is Direct Deposited or date a check is mailed)

May 24, 2013	September 25, 2013
June 25, 2013	October 25, 2013
July 25, 2013	November 25, 2013
June 25, 2013	December 20, 2013
August 23, 2013	

Your direct deposit notification statement is only available through the ORBIT system. Statements, which are created when there is a change in your deductions, are no longer mailed.

If you have questions about your retirement check, call the NC Retirement Systems at 1-877-733-4191 (or 919-733-4191 in Raleigh area.)

## IMPORTANT PHONE NUMBERS

NCRGEA.....	1-800-356-1190
MetLife Dental.....	1-800-942-0854
Superior Vision.....	1-800-507-3800
NC Retirement Systems.....	1-877-733-4191
In Raleigh Area .....	919-733-4191
CIGNA (Medicare Administrator).....	1-800-633-4227
Seniors' Health Insurance Information Program... In Raleigh Area .....	1-800-443-9354 919-807-6900
NC State Health Plan .....	1-919-881-2300
Pierce Insurance .....	1-855-627-3847
Blue Cross/Blue Shield .....	1-888-234-2416
(State Health Plan Administrator)	
Express Scripts (SHP Rx Drug Administrator) .....	1-877-680-4882
Social Security Administration .....	1-800-772-1213
State Employees' Credit Union .....	1-888-732-8562
Local Government Federal Credit Union .....	1-800-344-4846
NC 401(k)/Deferred Comp (457) .....	1-866-627-5267



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