

Voices of Experience

Newsletter for OEA-Retired

Omaha Education Association–Retired is an affiliate of NSEA-Retired and NEA-Retired
Roger Rea, Editor – email: rrea68154@yahoo.com www.OEAretired.org December 2020

Tax tips return for December 10 meeting; LB 31 discussion continues

The current pandemic has affected our lives in many ways, including changes in the IRS code that impact how much federal income tax you need to pay. CARES Act tax stimulus checks; changes in the requirements for taking required minimum distributions (RMDs) from your IRA; new rules regarding early withdrawal from your IRA; new rules for contributing to an IRA; and a new charitable deduction allowance for individuals who do not itemize their deductions are just a few of the changes that Congress passed this year.

Bridget O'Malley Tynan from Tax Help, founded by Pat O'Malley, will be the main speaker at the Thursday, December 10th meeting for OEA-Retired. She will reveal these hidden secrets of the new tax law, and more!

Bridget will also address how you can set up your own charitable trust to distribute your assets as you wish after you die. Tax efficient ways to make charitable contributions from your IRA instead of taking the required minimum distribution will be revealed. And tips on avoiding identity theft and fraud will be shared.

The meeting will also feature discussion about

the proposed closing of the Omaha office of our retirement system as outlined in the report to the Legislature requested by OPS in LB 31. More information on this topic can be found elsewhere in this newsletter.

The Thursday, December 10th meeting will be held via Zoom (the same format that was used for the October meeting). OEA-Retired members for whom we have a valid email address will receive a link to the Zoom meeting. If you do not get the link in an email, you can find the link on our website, www.OEAretired.org. You need to have the Zoom software on your computer or mobile device to use Zoom. Go to www.zoom.us to sign up for a **free account**. Visit the Google Play or Apple Store to download Zoom for your smartphone or mobile device.

The Zoom meeting will start at 10 a.m. Clicking on the link to the meeting will put guests into a "virtual waiting room" until the meeting host is ready to begin the meeting. The host will admit guests from this "virtual waiting room" when the meeting is ready to begin.

President's Viewpoint on closing the Omaha office for OSERS

By: Walta Sue Dodd, OEA-Retired President

In 2016, the Nebraska Legislature granted members of Omaha School Employees' Retirement System (OSERS) the right to elect four member trustees to the OSERS Board (two certificated staff trustees, one classified staff trustee, and one retired trustee). The member trustees are elected to staggered four-year terms by the members that they represent. OSERS conducts the election process for the member trustees. The first round of elections ended this year (2020). The OPS superintendent serves as an ex-officio trustee, and two additional trustees are selected from the business community.

The OSERS Board of Trustees hires independent legal counsel and oversees the management of the OSERS office. Having independent legal counsel allows OSERS to get specific legal expertise that an in-house attorney may not have. All costs for the operation of OSERS are paid from the retirement trust fund.

OSERS pays OPS rent for the office space in

the TAC building, and reimburses OPS for any items provided by the school district. By law, OPS has no role in the management or operation of the retirement office and does not spend any money on the retirement office that is not reimbursed by OSERS.

Earlier this year the OPS Board of Education approved this position statement as part of their 2021 Legislative Package: "*We encourage the introduction and passage of legislation which would transfer management of OSERS to the Public Employees Retirement Board as contemplated in the LB 31 reports.*" The LB 31 report outlines the costs and challenges of merging the operation of OSERS with the state retirement systems. The report is posted on the OEA-Retired web page, www.OEAretired.org.

OPS wants to close the OSERS Omaha office and move the entire operation to Lincoln under the governance and management of the state retirement systems. Why? The stated reason is that "... OPS wants to get out of the retirement business." But by

Nebraska statutes, OPS is not in the retirement business! And moving the operations to Lincoln will not mean that the state will be financially responsible for the retirement system – that remains the responsibility of OPS. Both the current unfunded liability as well as the actuarial required contribution (ARC payments) will remain the responsibility of OPS.

OPS gains nothing by moving the retirement operations to Lincoln, but members will lose a lot! It will cost between \$4 – 6 million to make the transition

of governance and management to Lincoln – money that will be paid by OPS. That money would be more wisely spent on helping with the unfunded liability for the retirement system.

OSERS has provided retirement security for OPS employees for more than 100 years with just one office in Omaha. I encourage you to embrace the words I used when I testified against the transfer of governance and management to Lincoln: *If it ain't broke, don't fix it!*

Contact OPS Board of Ed. With your concerns about OSERS

A new OPS Board of Education will meet in January 2021 to take action on the legislative agenda for the coming year. OEA-Retired members are encouraged to contact OPS board members to express their views on closing the Omaha office for the retirement system and moving all retirement operations to Lincoln. The OPS members and their email addresses are:

- Dist. 1: Ricky Smith, ricky.smith@ops.org
- Dist. 2: Marque Snow, marque.snow@ops.org
- Dist. 3: Nick Thielen, nick.thielen@ops.org
- Dist. 4: Shavonna Holman, shavonna.holman@ops.org
- Dist. 5: Spencer Head, spencer.head@ops.org
- Dist. 6: Nancy Kratky, nancy.kratky@ops.org
- Dist. 7: Jane Erdenberger, jane.erdenberger@ops.org
- Dist. 8: Kimara Snipe, kimara.snipe@ops.org
- Dist. 9: Tracy Casady, tracy.casady@ops.org

OEA-Retired meeting calendar

OEA-Retired will have three more general meetings this year. The meetings will be held either via Zoom or in-person at the OEA office, 4202 South 57th Street, from 10:00 – 11:30 a.m. The type of meeting (Zoom or in-person) will be announced in *Voices of Experience* prior to each meeting. The meeting dates and tentative programs as well as NSEA-Retired meetings of note are:

Dec. 10, Thurs. – Tax Tips and Estate Planning (Bridget Tynan); LB 31 update

Feb. 22, Mon. – NSEA-Retired Lobby Day in Lincoln, 9 a.m. – 2 p.m. (note change of date)

March 11, Thurs. – Visit Omaha (things to do locally)

April 22, Thurs. – NSEA-Retired Spring Conference at Lincoln Children's Zoo

April 23-24, Fri. and Sat. – NSEA Delegate Assembly (Lincoln)

May 13, Thurs. – Pandemic review / Health Updates; OEA-Retired elections

If OPS schools are closed or delayed due to inclement weather on the date of our meeting, the OEA-Retired in-person meeting will be canceled. OEA-Retired will not meet in person if OPS schools are closed for health reasons. Notice will be sent out if the session is re-scheduled for a later date.

OEA-Retired Election Results

Three elections for the OEA-Retired Board were held at the October meeting of OEA-Retired. Ruby Davis was re-elected as Secretary; Doreen Jankovich and Sue Kalina were elected as At-large Directors.

The OEA-Retired officers for 2020-2021, and their terms of office, are:

President = Walta Sue Dodd (2019-2022)

Vice President = Scott McGinty (2019-2022)

Secretary = Ruby M. Davis (2020-2023)

At-large Directors = Sue Kalina (2020-2023); Doreen Jankovich (2020-2023); Deborah Pauley (2019-2022); Cheryl Richardson (2019-2022)

Bookkeeper and Newsletter = Roger Rea

The OEA-Retired Board approved several editorial changes in our Bylaws that were described in the March 2020 issue of *Voices of Experience* at the October Board Meeting.

OSERS provides two COLA adjustments

By: Roger Rea, OSERS Trustee

Inflation is the enemy of anyone who is retired and dependent upon a fixed income. Social Security incomes are automatically increased by the consumer price index (CPI) every January. Retirement systems, like the Omaha School Employees' Retirement System, OSERS, can provide an additional measure of

retirement security through their own cost-of-living adjustments (COLAs).

OSERS provides two adjustments that help retirement incomes keep up with inflation after you retire. One inflation-related adjustment is made to retirement incomes in October of the eleventh year of

your retirement. This adjustment is called the Medical COLA. For retirees with twenty or more years of service credit when they retired, the Medical COLA adds \$10 per month to your retirement income for each year that you have been retired. The Medical COLA, which begins in your 11th year of retirement (after you have been retired for 10 full years), starts at \$100 per month. In October of each year after that, you receive an additional \$10 per month until your total Medical COLA is \$250 per month in your 26th year of retirement. The maximum Medical COLA amount is \$250 per month. If you had less than 20 years of service credit when you retired, your medical COLA will be calculated by multiplying the unreduced medical COLA by the fraction that results when your years of service credit are divided by twenty. The Medical COLA is a member-only benefit. If a member chooses any of the joint-and-survivorship payment forms (100% to the survivor; 75% to the survivor; 50% to the survivor; or pop-up to the

retiree), the payment for the Medical COLA will stop when the member dies.

The second COLA adjustment is made each January. The January increase recognizes the general inflation of prices. It is determined by calculating the change in the CPI for the previous twelve months (ending August 31) to determine how much to adjust your retirement pension. The annual COLA is capped at 1.5% for Tier 1 retirees (those who became OSERS members on or before July 1, 2013); it is capped at 1.0% for retirees who became OSERS members after July 1, 2013. Most Tier 1 retirees will get the full 1.5% COLA in January, and most Tier 2 retirees will get a 1.0% COLA. If you retired less than two years ago, your COLA will be slightly less than the full amounts – the amount of the COLA is outlined in state law. Your “take home” increase will be less than the full COLA if you have income tax withheld from your pension, or if you chose any of the joint-and-survivorship payment forms.

Medicare costs increase in 2021

By: Roger Rea, NSEA-Retired Vice President

On November 6, 2020, the Centers for Medicare & Medicaid Services (CMS) announced the new Medicare premiums, deductibles, and copayments for 2021. This news coincided with the open enrollment period for Medicare of October 15 to December 7, 2020.

Medicare subscribers are allowed to change their Medicare Part D plan (which covers prescription medication) every year during this open enrollment period. OEA-Retired members are encouraged to compare Medicare Part D plans using the Medicare website, www.medicare.gov. Members can create their own account on this website and save their personal drug information for use in future years. A new feature this year is the ability to compare up to five (5) pharmacies at a time with the various Part D providers. To get the lowest-cost plan, sort the plans by “lowest drug + premium cost,” and choose up to five pharmacies to see how the pricing compares with different pharmacies. Using a trial sample of drugs, this reporter found that the plan rated with the lowest total cost by the Medicare website ranged in annual cost from \$1,003 with a “preferred in-network pharmacy,” to \$1,750 with a “standard in-network pharmacy,” to \$13,792 with a “non-network pharmacy!”

Choosing a drug plan that is best for you is not as easy as buying general merchandise. The standard deductible for 2021 for Medicare Part D is \$445, but deductibles for individual plans range from \$0 to \$445. Premiums range from \$7.30 to \$104.70 per month. The plan with the lowest premium is not necessarily the lowest cost plan; the plan with the

lowest deductible is not necessarily the cheapest plan; and the plan with the highest premium is not the “best plan that money can buy!” The only way to find the lowest total cost (premium plus drug cost) is to use the Medicare website, and choose a “Preferred in-network” pharmacy for the plan.

Medicare Part B covers doctor visits and has an annual premium. The monthly Part B premium for 2021 is \$148.50 (up \$3.90 from 2020). Most retirees have this premium deducted directly from their Social Security check. The Part B premium is income-based, with a two-year look-back in your income. The \$148.50 premium applies if your modified adjusted gross income two years ago was \$88,000 or less for an individual (\$176,000 for a married couple). Incomes greater than the minimum threshold income have surcharges for the Part B premium. The surcharges are phased in based on your actual income. The highest premium is \$504.90 for incomes above \$500,000 for an individual (\$750,000 for a married couple).

Both Medicare Part A (which covers hospital visits) and Part B (which covers doctor visits) have deductibles that you must pay before the insurance coverage begins. The Part A deductible for 2021 is \$1,484 (up \$76 from 2020). The Part B deductible for 2021 is \$203 (up \$5 from 2020). If you have a Plan F Medicare supplement, the supplement will pay the entire deductible for Part A and Part B as well as any copays for Part A (hospital visits).

For more information on Medicare, visit the Medicare website.

Be sure to pay your OEA-Retired dues, or you will be dropped from our mailing list!

NSEA-Retired elections coming in 2021

Elections will be held soon for the Metro District Director position on the NSEA-Retired Board of Directors as well as for delegates to represent NSEA-Retired at both NSEA Delegate Assembly (in April) and NEA Representative Assembly (in June and July).

Metro District has two District Directors, Carol Krejci and Walta Sue Dodd. Carol's position is up for election this year. NSEA-Retired Board members can serve a maximum of three, three-year terms. Carol is eligible to run again if she chooses to do so.

Nominations for Metro District Director and delegates to NSEA Delegate Assembly and NEA Representative Assembly will be taken through the NSEA-Retired web page, www.nsea.org/retired early

OEA-Retired

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next year. Consult the NSEA-Retired website for filing deadlines and procedures. The information will also be printed in upcoming issues of the *Advocate* and *Voices of Experience*.

Educators' Medicare Supplement has 0% premium increase for 2021!

By: Roger Rea, NSEA-Retired Vice President

Educators' Medicare Supplement is endorsed by NSEA-Retired and underwritten by Blue Cross Blue Shield of Nebraska. More than 4,500 retired education employees are insured through this Medicare supplement. Because Educators' Medicare Supplement is a modified union insurance plan, and not available to the general public, it is able to offer benefits that are not available from other supplements. For instance, Educators' Medicare Supplement offers optional dental coverage at very favorable rates – the same dental coverage that is provided by EHA insurance for active school employees. A second difference is that Educators' Medicare Supplement offers both Plan F and Plan G supplements. The only difference between a Plan F and a Plan G Medicare supplement is that Plan F covers the Medicare Part B deductible (for doctor visits), while Plan G does not. The Part B deductible for 2021 is \$203 (up \$5 from 2020).

With a Plan F supplement, subscribers who have medical services that are covered by Medicare will pay only the premiums for their supplement – all other covered charges are paid by either Medicare itself or the Plan F supplement. With a Plan G supplement, subscribers are responsible for the Part B

deductible for doctor visits (\$203), and the supplement pays for all other covered charges for the calendar year.

Due to favorable utilization for the calendar year, Educators' Medicare Supplement will not have a general rate increase in 2021. Premiums for the supplement have been very stable for more than 10 years, averaging less than a 2% increase per year over the past decade – the increase is much lower than for other supplements available to the general public. Subscribers to Educators' Medicare Supplement are rated by age band, rather than by individual ages. The age bands (i.e. ages that have the same premium) are: 65-66; 67-69; 70-74; 75-79; 80-84; and 85+. So long as you are not moving to a new age band during the year, your premiums for 2021 will be the same as for 2020.

The rates for 2021 can be found on the EHA website, www.ehaplan.org. Click on the "Retirees" tab at the top of the page to find information about insurance options for retired members. You can also call Blue Cross at 800-991-5650 to get more information on Educators' Medicare Supplement.

NSEA-Retired Lobby Day has been moved to Monday, Feb. 22, and will be virtual. See the NSEA-Retired website for details. www.nsea.org/retired.