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 2022**

Changes in tax law to be discussed at December 1 meeting

Tax season is coming soon! There are several changes in the tax codes for the 2022 tax year, and Bridget O'Malley Tynan from Tax Help, founded by Pat O'Malley, will inform members about the changes and their consequences. The age at which payments from your IRA are required (required minimum distributions, or RMDs) is now higher than in the past; a larger part of your Social Security benefit will not be subject to Nebraska state income tax; your ability to take a charitable deduction even if you do not itemize your deductions is now in place; and there is a new energy efficiency credit available to taxpayers this year. In addition, the Inflation Reduction Act of 2022 will lower the cost of prescription medications for individuals who are on Medicare.

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 taxable required minimum distribution will be revealed. Also, tips on avoiding identity theft and fraud will be shared.

The Thursday, December 1st meeting will be held at the OEA office, 4202 S. 57th Street, starting at 10 a.m. Following CDC guidelines, facemasks are optional for this meeting. If you need driving directions, call the OEA office at 402-346-0400. See you there!

President's Message

By: Walta Sue Dodd, OEA-Retired President

Now that the 2022 elections are over, we must prepare for the 2023 Nebraska Legislative 90-day session and advocate for the State School Board, our Local School Board, and support public education and educators.

Some public school educators are reluctant to speak out when they hear misinformation about public education because speaking out may cause repercussions to them and/or their school district. As a result, as retired public school educators, we need to speak out to support public education and educators.

Become a Public Education Advocate!

1. Get involved in your public school system
2. Get involved in NEA-Retired, NSEA-Retired, and OEA-Retired
3. Use tools and apps to follow legislation
4. Have conversations and help educate those around you.
5. Do some old fashioned letter writing campaigns
6. Contact your elected representatives
7. Advocate for proper funding of education
8. Donate to public school projects
9. Support educators at every opportunity you have
10. Simply volunteer your time

Remember, the journey of 1,000 miles begins with just a single step. It only takes one step to make a difference. Be a voice for children and public education!

Omaha School Employees' Retirement System (OSERS) Update

At the October 20, 2022 meeting of OEA-Retired, Jane Erdenberger, OPS Board of Education Vice President and OSERS Transition Trustee, collected questions and concerns that members had about OSERS and the process of transitioning the governance and management of OSERS to the state retirement systems. This is a summary of her responses to the questions and concerns that were raised.

- ***What is the current value of the OSERS Trust Fund?*** As of August 31, 2022, the OSERS Trust Fund held $1.445 Billion in assets. The assets are invested according to the investment policy of the Nebraska Investment Council (NIC). NIC manages the trust funds for six public employee retirement systems, including: state teachers; state judges; state patrol; county workers; state workers; and OSERS. The combined value of all six trust funds is $19.16 Billion. OSERS represents 7.5% of the total assets of NIC.
- ***How has the OSERS trust fund fared during the recent market decline?*** Because the OSERS assets are, for the most part, invested in the general stock market, the assets have experienced the same kind of decline as the overall stock

market indexes. But the OSERS assets have fared better than the general market. In the 12 months ending August 31, 2022, OSERS assets had a return of -9.41%. In comparison, the NASDAQ index return was -12.5%; the S&P 500 index return was -12.55; and the Dow Jones Industrial Average return was -10.89%.

- ***What is the current OSERS unfunded liability?*** The current GASB 68 unfunded liability is $800 million. The trust fund is set on a path to fully pay the unfunded liability within 25 years, and OPS has made more than the actuarially required contributions for the past several years to pay down the unfunded liability faster. As of August 31, 2022, the plan funded ratio was 67.12%, and is on a path to be 100% funded.
- ***Who represents OSERS on the Nebraska Investment Council (NIC)?*** NIC is responsible for investing all of the trust funds for the six retirement systems. Cecelia Carter, OSERS Director, was the ex-officio member of NIC until her retirement earlier this year. The OPS Board will appoint Shane Rhian, Chief Financial Officer for OPS, to serve on NIC. NIC generally meets quarterly. Shane will also attend the monthly meetings for the state retirement systems during the transition process.
- ***How will OPS communicate with OSERS members during the transition process?*** A communication plan is currently being developed by OPS, and will include such things as: communication with members who have their retirement checks sent to multiple bank accounts; how members can access information at TAC prior to the completion of the transition to the state retirement systems on September 1, 2024; and how member communication will be done for individuals who do not have access to the internet or email.
- ***Is the money in the OSERS trust fund mixed with the other retirement systems managed by NIC?*** No. Each of the six retirement systems managed by NIC and NPERS has its own, unique "silo" of money to be used to pay beneficiaries of that particular group. While the money for all of the systems is invested according to the investment policy of NIC, the earnings of each fund are attributed to that fund alone, and are not shared with the other trust funds.

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. 1, Thurs. – Tax Tips and Tips on Wills and Estate Planning (Bridget Tynan)

Feb. 21, Tues. – NSEA-Retired Lobby Day in Lincoln

March 16, Thurs. – NEA Member Benefits; Legislative Update

April 27, Thurs. – NSEA-Retired Spring Conference, Lauritzen Gardens

April 28-29, Fri. and Sat. – NSEA Delegate Assembly (Lincoln)

May 18, Thurs. – Cybersecurity for Seniors, (Ryan Sothan, Nebraska Attorney General Office); 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.

NSEA-Retired elections coming in 2023

Elections will be held soon for President and Vice President of NSEA-Retired. Metro District Directors Walta Sue Dodd and Ruby Davis are not up for election this year. Delegates to represent NSEA-Retired at both NSEA Delegate Assembly (in April) and NEA Representative Assembly (in June and July) will also be elected.

Current NSEA-Retired President De Tonack is eligible to run for a third term if she chooses to do so. Likewise, NSEA-Retired Vice President Roger Rea is eligible to run for a third term if he chooses to do so. NSEA-Retired Board members can serve a maximum of three, three-year terms.

Nominations for NSEA-Retired President and Vice President as well as delegates to NSEA Delegate Assembly and NEA Representative Assembly will be taken through the NSEA-Retired web page, ***www.nsea.org/retired*** early 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*.

OSERS general COLA paid in January

To help retirees cope with increasing costs, the Omaha School Employees' Retirement System, OSERS, provides an automatic increase in pensions. The general COLA benefit adjustment is credited to pensions each January. The January increase recognizes the general inflation of prices; it is determined by calculating the change in the consumer price index, 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 Tier 2 retirees (those who became OSERS members after July 1, 2013).

Because the CPI increased by more than 1.5% this year, 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.

The January COLA adjustment is independent from the Medical COLA benefit. The Medical COLA benefit is paid in October each year to individuals who have been retired for 10 years or more. Additional information is available on the OSERS website, ***www.ops.org/retirement***.

Time to evaluate your Medicare Prescription Drug (Part D) benefit

By: Roger Rea, NSEA-Retired Vice President

Traditional Medicare has two main parts: Part A (which covers hospital visits); and Part B (which covers doctor visits). Prescription drug coverage was added to Medicare in 2006, and is called the Medicare Part D benefit. Unlike traditional Medicare coverage, Medicare Part D coverage is intended to be evaluated every year, and Medicare subscribers can change Part D providers without any problem during the annual open enrollment period – which runs from October 15 to December 7 every year.

To be sure that your Part D provider is the lowest-cost provider for the drugs that you take, during the open enrollment period every year you should go to the Medicare website, ***www.medicare.gov,*** to enter your drug information and compare Part D providers. For 2023, there are 24 Part D plans from which to choose. You can create your own account on this website and save your personal drug information for use in future years. You can compare pricing for your drugs at 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.

Pharmacies participate with the Part D providers in three tiers: Preferred; in-network, or out-of-network. The lowest cost comes from a pharmacy that is "preferred" for the drug plan that you choose. Using the Medicare website, this reporter found that the cost for celecoxib, a common arthritis drug, varied greatly. Using the same pharmacy with three different drug plans, the annual cost was $236 for the Part D plan that rated the pharmacy as "preferred;" it was $1,603 for the Part D plan that rated the pharmacy as "in network;" and $5,405 for the Part D plan that rated the pharmacy as "out of network."

Choosing a drug plan that is best for you is not as easy as buying general merchandise. The standard deductible for 2023 for Medicare Part D is $505, but deductibles for individual plans range from $0 to $505. Premiums range from $4.70 to $113.60 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 same drug will have a different cost, depending on which pharmacy you select ***and*** which Part D provider you choose. 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 you select.

One final caution is in order. Many drugs have generic equivalents, and the name brands are often not covered by the Part D providers. If the name-brand drug is not covered by the Part D provider you select, none of the money you spend on that drug will count towards your deductible or your out-of-pocket maximum! You will pay the full retail cost for the drug, and the Part D provider will pay nothing.

A number of factors affect which Part D plan is best for you. During the year you may add or drop drugs; the Part D provider may change premiums; the Part D provider may change which drugs they cover; and the Part D provider may change the tier (which determines your copay) for the drugs you take. The only way to get objective information on which Part D provider is best for you is to use the Medicare website. Visit the website before December 7 to help save money on your health care.

If you want help choosing the best Part D drug plan for the drugs that you take, you can contact the SHIP program at 1-800-234-7199. In the Omaha metro area, the SHIP program is called Volunteers Assisting Seniors, and the phone number is 402-444-6617.

Educators' Medicare Supp. 2023 rates

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 4,600 retired education employees are insured through this Medicare supplement. The pandemic caused many individuals to delay elective surgeries and routine care. Claims were much higher last year than the previous year, the Medicare Part B deductible (the amount you pay if you do not have a Plan F supplement) increased, and medical costs in general have risen faster than in the past. As a result, there will be a 13% general rate increase for the Supplement beginning in January 2023.

Premiums have been very stable for the past twelve years, with seven of those years showing zero percent increase. Higher utilization this past year is the major factor for the rate increase for 2023. Educators' Medicare Supplement is rated in age bands, rather than by single 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+. Most Medicare supplements have single-age rates. With those supplements, subscribers see two rate increases per year: one on their birthday (because they are a year older), and a second on the policy anniversary date (when a general rate increase is applied).

Because Educators' Medicare Supplement is a modified union insurance plan, and not available to the general public, it is able to provide benefits that are not available from other Medicare supplements. For example, Educators' Medicare Supplement offers excellent dental coverage at very favorable rates – in fact, it is 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 the two plans is that Plan F covers the Medicare Part B deductible (for doctor visits), while Plan G does not. The Part B deductible for 2023 is $226.

The rates for 2023 can be found on both the EHA website, ***www.ehaplan.org*** (click on the *"Retirees"* tab at the top of the page), and the NSEA-Retired website, ***www.nsea.org/retired*** (click on the *"Retirement and Insurance"* tab). You will also find a link to view one of the webinars to help you understand Medicare and the benefits that Educators' Medicare Supplement provides on the websites. You can call Blue Cross at 1-800-991-5650 for more information on Educators' Medicare Supplement.

OEA-Retired
4202 South 57th Street
Omaha, NE 68117-1349

ADDRESS SERVICE REQUESTED

Non Profit Org.
U.S. Postage
PAID
Omaha, NE
Permit No. 897

End Unfair GPO/WEP Penalties & Strengthen Social Security for All

By: Walta Sue Dodd, OEA-Retired President

The Government Pension Offset (GPO) and Windfall Elimination Provision (WEP) deprive more than 2.5 million educators and other public servants of Social Security benefits they have earned. That needs to end!

- The GPO reduces the Social Security spousal or survivor benefits of people who get a government pension (federal, state or local) but did NOT pay Social Security taxes themselves.
- The WEP reduces the Social Security benefits of people who work in jobs covered by Social Security and jobs NOT covered by Social Security over the course of their careers—for example, educators compelled to take part-time or summer jobs to make ends meet.

These offsets discourage people from becoming educators, especially those in mid-career who stand to lose Social Security benefits they have already earned. That, in turn, can adversely affect the quality of the education our students receive.

The GPO/WEP states and municipalities in certain states are Alaska, California, Colorado, Connecticut, Georgia (certain local governments), Illinois, Kentucky, Louisiana, Maine, Massachusetts, Missouri, Nevada, Ohio, Rhode Island (certain local governments), and Texas (certain local governments).

Since Nebraska's teachers participate in Social Security, GPO/WEP does not directly impact them. However, if your spouse woks at a job that is not covered by Social Security, or if you move to one of the non-Social Security states, you may be impacted.

Contact your member of Congress and ask them to support elimination of GPO/WEP penalties.