

# *ERFA POSTSCRIPTS*

## News of the CSU East Bay Hayward Emeritus and Retired Faculty Association

October 2019

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### *President's Message*

Welcome to the Fall issue of the CSUEB newsletter. And here is the news.

The location of the Fall luncheon has been changed to room 102 of the Old Student Union. The reason is that there is now a University Hour from 11 to 1 and the room we have been using has been reserved by student organizations. The priority is students and we support that.

Our speaker at the October 24 luncheon will be Dr. Jason Singley who is a Professor of Physics and Dean of the College of Science. His topic is Theory to Practice—Opportunities for Student Engagement Beyond the Classroom. Dr. Singley will highlight some of these programs where students are creating new knowledge through the scientific process, applying their learning to impact local and global communities and contributing to the regional high-tech economy.

The local ERFA group has no dues and all of our money goes to the Renaissance Scholarship Fund. Unfortunately, last year we were able to fund fewer scholarships because of lower donations. Why? Some people ignore the sign-in table and go directly to their seats. Others have decided to save money by dropping out of ERFSA. This could cause a demise of the organization.

The ERFA Board asks EVERYONE, when you arrive, to make a \$20 donation or more to Renaissance Scholars—after all, it is for the students. And the University has generously provided lunch for us. We can play it forward. And we paid more for Dino's.

I'm happy to report that Prof. James Ahiakpor is the new representative of the emeriti to the Academic Senate and Prof. Carl Bellone will be ERFA's representative to the Honorary Degree Committee. Thanks to them for accepting these positions.

And please bring food and personal items for the Hope Pantry. Hungry students don't do well. Hope to see you on October 24.

Bea Pressley, President

## *Fall Luncheon, October 24, 2019, Old University Union 102*

Hosted by President Morishita and Provost Inch.

👉 Park in Lot B; go to Old University Union Room 102

11:30 am arrival and social time

12 – 2 pm lunch and meeting

Please contribute \$20 or more to the **Renaissance Scholars**.

Please bring surplus canned food and toiletries for the **Hope Pantry** for needy students.

**RSVP:** mail the card sent to you or email Richard Watters [richard.watters@csueastbay.edu](mailto:richard.watters@csueastbay.edu)

Our speaker: Jason Singley, dean of the College of Science. See President's message above.

### *Report from Academic Senator for Emeriti*

The big news is that President Morishita has announced his retirement effective at the end of the Spring Semester.

The Senate held its first meeting of the academic year on August 27, 2019 at the Old Student Union 311, with Dr. Michael Lee chairing. Notable information items from the President include:

25 new faculty members have been added this academic year, bringing the total to 349; 30 new searches have been approved for the current academic year.

The Governor has "assigned a good budget to the CSU; two years in a row with an increase, to \$343 million.

A 6% drop in enrollment last year has been more than made up this year, resulting in a 2.7% increase.

The university lost some faculty in recent years due to "housing costs and issues with finances in the Bay Area." The President will convene a taskforce to be chaired by Debbie Chaw, Vice President, Administration and Finance, including 3-5 faculty members to consider ways of assisting employees. Possibilities to consider include: (a) building faculty/staff housing on campus, (b) assisting with "first/last/ security rent during the first month," (c) "possibility of short-term loans programs for faculty and staff," and (d) "possibility of master leases to extend housing options to faculty/staff."

The Provost announced that the student population at the beginning of the semester came just "short of 14,700; the goal is 15,200." Provost also noted that the budget is "healthier this year." Three buildings, Music, A&E, and Meiklejohn, are having their elevators serviced; so far there have been delays in completing the job.

Dr. Rachel Stryker, incoming CFA President, announced several initiatives for the academic year, including dealing with "anti-racism and social justice as part of social justice unionism; [and] large scale and consistent effort to link anti-racism issues to union work." At the second Senate meeting on September 17, 2019, Dr. Stryker also announced that CFA will pressure PERS to divest its investments from private prisons. The CFA also supports an Assembly Bill to require students at CSU to complete an Ethnic Studies course in order to graduate.

James Ahiakpor, Professor Emeritus, Department of Economics

## *CalPERS Long-Term Care Insurance*

Long-term care (LTC) insurance first appeared in the U.S. private sector in the 1980s. Scores of LTC insurers jumped into the market. Only about a dozen remain and they are not doing well. By 2006, there were 307,000 policy holders nationwide with \$625 million in annual premiums. By 2018, those numbers shrunk to 57,000 traditional policies and \$169 million.

In 1991, the California legislature authorized LTC for public sector employees (CalPERS and CalSTRS members) on a not-for-profit and self-funded basis. The first policies were issued in 1995. Most participants chose options with lifetime benefits and/or inflation-protected benefits.

The baby boom will affect claims. Early boomers hit age 50 in 1996 and many people got interested in LTC insurance. By 2016, they reached age 70 and LTC claims started to climb. An avalanche of claims will follow.

Both private sector LTC insurers and CalPERS had done a bad job in the early years in pricing the new product and vetting potential policy holders.

(1) They based their pricing on life-insurance and disability-insurance models under which the policy holder stops paying premiums once a claim was filed, but LTC benefits can continue for many years.

(2) They overestimated the number of policies that would lapse. Disability insurance had a lapse rate of 5% per year but for LTC insurance it was 0.7%.

(3) They did not anticipate the long period of negative real interest rates that followed the Great Recession of 2008-09. Since most LTC assets are invested in bonds, that reduced earnings.

(4) The LTC insurance actuaries underestimated how long beneficiaries would live and collect benefits. By the late 1990s, assisted-living facilities had proliferated. At the better ones, favored by LTC policy holders, staff members looked after their guests so well that they lived years longer than the actuaries had projected.

CalPERS sold policies that promised lifetime benefits in contrast to a capped maximum dollar amount or a fixed period of coverage.

This encouraged policy holders to submit claims early rather than save them for when really needed. Premiums stopped once a claim was filed.

Initially, CalPERS exacerbated the LTC pricing problem by assuming that, since it did not need to make a profit, it could set its rates 30% lower than its private-sector competitors.

As early as 1987, when LTC insurance was new and providers lacked actuarial data for pricing, the U.S. General Accounting Office sounded the alarm about underpricing.

CalPERS had contracted with Towers Watson to perform the initial actuarial work upon which its pricing was based. Towers Watson assumed that invested funds would continue to earn 7% to 8% per year based on past experience. However, following the Great Recession of 2008 – 2009 interest rates remained low. Since over 60% of plan assets were invested in fixed-income bonds, that reduced earnings on invested assets.

In 1996 CalPERS brought in Coopers & Lybrand for a review. Coopers warned that CalPERS had seriously underpriced its inflation-protected and/or lifetime-benefit policies and would need to increase premiums. Notwithstanding that warning, CalPERS continued to tell policy holders that its premiums were conservatively set and designed to remain level. Towers Watson subsequently paid CalPERS \$9,750,000 in damages caused by faulty advice.

CalPERS increased premiums in 2003, 2007 and 2010. In addition, starting in 2011 all LTC1 policies (bought 1995 to 2002) with inflation protection and/or lifetime benefits were subjected to a 5% annual premium increase. In 2012, CalPERS announced the end of the annual 5% rate increase after 2014 and imposed a 36% rate increase for both 2015 and 2016 (for a cumulative increase of 85%) on LTC1 and LTC2 (bought 2003 - 2004) policies with inflation-protected premiums and/or lifetime benefits. CalPERS announced the end of the annual 5% rate increase and imposed a 36% rate increase for both 2015 and 2016 (for a cumulative 85% increase after 2014).

Targeted participants were encouraged to shift to less-costly options. It was hoped that the 85% cumulative increase would result in “shock lapse” in which participants would terminate their LTC policies and leave their contributions behind to pay benefits for those that remained.

CalPERS suspended the sale of new LTC policies in 2008 and announced that they would stay suspended until the program was on a sound footing. Sales resumed in 2014, designated LTC4.

More than a quarter (16,000) of the targeted CalPERS policy holders with inflation-protected lifetime-benefit options switched to less-costly policies. The remaining 41,000 were sent letters reminding them that their premiums were scheduled to increase by 5% in 2014 and by 85% spread over 2015 and 2016. However, “adverse selection” kicked in. Policy holders who were likely to need the LTC benefits in the near future continued to pay for them at the higher rates.

The cumulative effect of these measures was impressive. The valuation margin (ratio of assets to liabilities) went from -1.45% in 2017 to +1.20% in 2018. In 2018, the funded status (assets ÷ liabilities) was 101%. However, in 2009, there had been 165,023 lives covered by CalPERS LTC. By 2018, that number had dropped to 124,472, a 24.6% drop. The decline will likely continue in response to future premium increases. Recall the impending avalanche of potential claims.

A lawsuit, filed by Elma Sanchez and Holly Wedding on behalf of similar policy holders, has been wending its way through the courts since 2013. It was subsequently granted class-action status. The plaintiffs seek more than \$1.2 billion in damages for breach of contract. On June 10, 2019, Judge William F. Highberger of the California Superior Court, Los Angeles County, issued a “[Draft] Proposed Statement of Decision” in regard to Holly Wedding, et al. (Sanchez had died). Highberger agreed with plaintiffs and urged the parties to negotiate a settlement before the jury trial date scheduled for October 30, 2019. Stay tuned in. More to come.

John G. Kilgour, CSUEB/ERFSA



## *What do we do after retirement?*

*Carl Bellone*

Ten years ago, when I told people I was going to retire, I got two reactions. Some looked at me with genuine pity and said, “What will you do?” Others, mostly those who were retired, said, “Once you are retired, you are going to wonder how you ever had time to work.” Fortunately, I have fallen into the latter group. How did I ever have time to work?

At the urging of Herb Eder, I started taking Osher Lifelong Learning Institute (OLLI) classes at the CSUEB Concord Campus. Finally, I could take courses without worrying about assignments or tests. I have taken subjects ranging from Medieval History, to Russia After Putin, to Poisonous Plants. OLLI lectures and courses are excellent. A great way to stay intellectually active. I am now on the OLLI

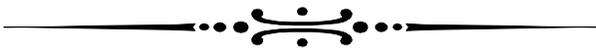
Board along with several other CSUEB emeritus faculty. After listening to many OLLI lectures, I decided to give a lecture myself but not in my field of Public Administration (not so interesting to most people) but on the history of Zinfandel in California. It was definitely a fun topic to research. I have given the lecture five times now and continue to research, collect, and of course drink Zinfandel.

I also joined the St. Vincent de Paul Society (SVdP) at my church which provides food and financial assistance to the needy in our parish in Castro Valley. I have met and served many struggling families, individuals, and homeless people. Income inequality is sad reality for many adults and children.

My wife and I have four grandchildren between the ages of 2 and 6. We babysit them often which is great fun but quite exhausting. We also have used our spare time to do some traveling but mostly we stay busy around home.

My favorite retirement joke: A wife asked her retired husband what he was going to do today. He said, "Nothing." She: "Isn't that what you did yesterday?" He: "Yes, but I didn't finish."

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*Bea Pressley*

Retirees often say that they are busier than when they were working. I think part of that has to do with more visits to physicians and hospitals. Because of three knee replacements and a spinal fusion, I now use a walker. I moved to Rossmoor and exercise in one of their three pools four times a week. I no longer golf and that is fine.

The thing I like best about retirement is going to Best Friends Animal Sanctuary in Kanab, Utah, to work with some of their 1700 animals. It is the largest homeless shelter in the country for dogs, cats, horses, pigs, goats, rabbits, birds, and some wild animals. The goal is to have people adopt the animals in Utah, Los Angeles, New York and Atlanta (their partners) and have no more homeless animals by 2025.

The Sanctuary has 3,300 acres and they get 8000 volunteers a year from all over the world. And it is beautiful and peaceful. I help to socialize animals, make toys, cut up food, deliver food, do laundry, and play with puppies and kittens. The people are very friendly and since Kanab is just 27 miles from Zion National Park and 77 miles from Bryce National Park one has the opportunity to meet many interesting people.

Once I moved to Rossmoor, I became a Disaster Mental Health Counselor for the Red Cross and a Contra Costa Emergency Health Worker. I am a member of the Community Emergency Response Team, Emergency Preparedness Organization, and Voices for Justice in Palestine of Rossmoor.

I collect backpacks and school supplies for Volunteer Emergency Services and toys and clothes for Vestia at Christmas and sort toys for Christmas for Everyone.

Walnut Creek, Lafayette, and Danville have wonderful restaurants which I frequent four to five days a week. I like to go independent films in Walnut Creek and Pleasant Hill. I travel less often than I did before but really don't miss it—well, I don't miss the airports.

While I miss teaching, I do not miss the politics of higher education and am enjoying retirement.



## *Rhoda Agin*

I am bi-coastal in recent years: East: Adjunct Professor at Lehman College CUNY Dept. of Communication Disorders and preparing my clinical library for a new Speech Pathology Program at Frances Marion University in So. Carolina. West: Continuing my private practice in Voice and Speech Disorders in Albany.

Last not least ...Announcing after many years the release of the CD of my sabbath melodies, *Celebrating The Sabbath Queen* by Rhoda Agin and Friends, at <http://store.cdbaby.com/cd/rhodaleahagin>, Amazon, Spotify, etc. Celebratory music in Latin, Klezmer and waltz genres. Enjoy the music, sing the songs in Hebrew or English (transliteration included) and share with friends.

All the best to you from Bezerkeley! [rla@ragincomm.com](mailto:rla@ragincomm.com)



### *Treasurer's Report*

Start balance 6/20/2019	\$2,492.98
Dues deposit CSU Q2 8/26/2019	\$ 326.70
End balance 9/12/2019	\$2,819.68

--John Giles, Treasurer

### *Passings*

The Provost's website honoring deceased faculty has ceased functioning. The editor received these notices by email:

Darril Hudson, Professor Emeritus of the Department of Political Science, passed May 3, 2019.

Kenneth Z. Mansfield, Jr., Professor Emeritus of the Department of Music, passed May 15, 2019

Martin B. Friedman, Professor Emeritus of the Department of English, passed April 1, 2019

Vincenzo Paolo Traversa, Professor Emeritus of the Department of Modern Languages and Literatures, passed August 12, 2019

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