

The Non-Union Organization  
Representing Only Retirees

# AFPE UPDATE

Spring 2007

## President's Message

By: Dave Zentner



**A special thanks to Jan Schmidt for her service to the AFPE Board**

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Ah it's finally spring and time to start thinking of robins, flowers and barbecues. Every two years the other springtime endeavor concerns wrapping up the Legislative Session. There is some good news and some bad news.

The Association had two major objectives we wished to accomplish during the just concluded session of the Legislature. First was to provide a temporary and possibly a final solution to the fact that our pension plan has no provision for an automatic cost of living increase. During the 2005 session we were able to convince the Legislature to provide retirees with a one-time thirteenth check that represented 50% of a normal monthly check. The extra check was granted because the retirement fund earned more than the established target of 11.2 percent. The extra check was issued to you in January of 2006.

House Bill 2044 authorized a thirteenth check if the pension fund exceeded the targeted earning percentage of 9.16% in either the 2007 or 2008 fiscal year.

The bill also increased the amount to the equivalent of 75% of a regular check. I am happy to announce that this bill passed both houses of the Legislature with very little opposition and will become law in August 2007. While there is no guarantee the check will be forthcoming we are very hopeful that the earnings will exceed the established target. The permanent solution was contained in Senate Bill 2051 and would have increased the contribution to the PERS pension fund in order to provide an annual 2% cost of living increase starting in 2009. This bill passed the Senate but was defeated by a wide margin in the House. Perhaps next session the Legislature will be more supportive of a final solution as our system has no permanent way of keeping up with inflation.

The second major issue concerned the proposal to take the health insurance credit from the current \$4.50 per month for each year of service and increase it to \$5.00, giving the 20 year employee and extra \$10.00 per month to apply toward the cost of their

health insurance. Governor Hoeven had included funding for this increase in the budget he presented to the Legislature. The health insurance credit has not been increased since 1993 and inflation continues to reduce the purchasing power of our pensions because of the ongoing increases in health insurance. For the upcoming biennium Medicare premiums will increase about 22% and non-Medicare premiums for retirees under 65 will increase by 21%. In addition coinsurance and deductible amounts are increasing substantially for non-Medicare retirees. Senate Bill 2050 which would have provided funding to increase the credit was first passed by the Senate by a large margin but was defeated in the House when 48 Republicans voted to defeat the bill because of its price tag of about \$381,000 in general funds. During the waning days of the session we tried with the help of Governor Hoeven's office to revive this issue but the House leadership refused to provide any relief to retirees.

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## Legislature Makes No Guarantees to Retirees

In a session where the State was seeing a record budget surplus the ND Legislature made no commitments to State Retirees.

AFPE entered the session with great expectations and strong support from the Senate and Governor. What they were left with was a lot less than they hoped for.

AFPE went into the session supporting a number of bills. SB 2050 would have raised the pre-funded retiree health insurance credit from \$4.50 to \$5.00 per year of service, SB 2051 would have provided for a 2% cost of living adjustment to all PERS retirees and SB 2044 would give a one-time additional annuity payment at 75% of gross if

the PERS fund performed at a specified level.

In the end, all that PERS retirees were offered was the uncertainty of the 13th check which is dependent upon the returns of the fund. The legislature did not see fit to spend any additional funds on the one-time cost of living adjustment or the increase in the health credit.

Instead, the ND House chose to kill the health credit increase at a time when pre-Medicare retirees will be seeing 20% increases in health insurance costs, and significant increases in Medicare part D premiums. The \$.50 increase would have barely made a dent in the increases retirees will see this year but

instead they will get no guaranteed help for at least the next two years.

Additionally, as the cost of everyday expenses such as food and gas continue to rise the legislature saw fit to put additional money away for a "rainy day" while fixed income retirees struggle to make ends meet and killed the 2% COLA that would have given retirees some much needed help.

So remember who supported Former State employees and made a commitment and remember those who chose not to.

Interested in seeing the voting records on these bills?

See Information on Page 3

### AFPE Special Election

AFPE will be holding a special election at the Fall meeting for both the Secretary and Member-at-large Positions. Mark Swartz is filling the Member-at-large position that was left vacant after the passing of Howard Snortland and hopes to continue on the board after the October meeting. The Secretary position remains vacant with the resignation of Jan Schmidt who is moving out of state.

If you are interested in serving on the board, please contact the state office at 701-224-1815.

## 13th Paycheck a Go for 2007-2008

NDPERS may issue another 13th check for all eligible retirees when 2008 begins next January.

The proposal by NDPERS gives eligible PERS retirees a 13th Pay-

check for 2007 or 2008 if the PERS fund exceeds annual returns greater than 9.16 percent.. This is great news for retirees as the fund returns have been in excess of 14 percent with

only 2 months to go . The payment if triggered would pay out an amount equal to 75% of an eligible retiree's monthly benefit.

## Legislators Make Commitment...to themselves

Well, legislators had a good session even if State retirees didn't.

While many worthy causes went unfunded and were quickly dismissed during the 2007 session, one thing was not ignored, Legislative pay.

Although some legislators might say they took a conservative approach with regard to spending, there was no shortage of commitments to

there own in the Capitol.

Legislators gave themselves raises for Legislative session pay, for non-legislative (interim) pay, raises for service on Legislative Council and interim committees. The party leaders in both houses received raises and an additional raise beginning in 2009 was approved. In addition, legislators will also receive their health insurance from

the state paid for in full even though the cost of the plan increased by 20% for the coming 2 years.

Retirees should feel comforted that they will pay the price for the fiscally responsible ND Legislature and that they so willingly contributed to the "Rainy Day" fund that was approved by both houses.

# Join Us for the AFPE Annual Meeting

Spring 2007

October 15, 2007

1pm to 4pm

Doublewood Inn, Bismarck



Find vote information for Senate Bills 2044, 2050, 2051 at following web address:

[www.afpend.com](http://www.afpend.com)

## ATTENTION!

Interested in receiving email updates on retiree news?

AFPE is interested in sending out email updates to our members to let them know about important retiree issues.

To be added to the list, send your email address to:

[bill@aptnd.com](mailto:bill@aptnd.com)

**Do you know State retirees who aren't members of AFPE?**

**Sign them up today!**

**Have them fill out the form below and mail it to:**

**AFPE, PO Box 1141 Bismarck, ND 58502-1141**

### AFPE Membership Enrollment Form

Name \_\_\_\_\_ Phone# \_\_\_\_\_ Email: \_\_\_\_\_

Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

**Choose one method of payment and mail completed form to: AFPE PO Box 1411 Bismarck, ND 58502-1141**

\_\_\_\_\_ Enclosed is \$24.00 for annual membership payable by every January 1.

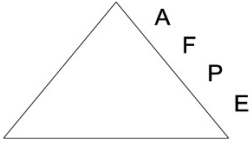
\_\_\_\_\_ **Preferred Method:** I voluntarily request ND PERS withhold \$2.00 per month and transfer the amount to AFPE for membership in the organization. The withholding remains in effect until I choose to terminate by written notice to ND PERS. The voluntary request for the withholding of dues applies to any increase the AFPE Board or it's membership chooses to make in the future.

**Social Security Number (necessary for auto withholding):** \_\_\_\_\_

Signature \_\_\_\_\_

Date \_\_\_\_\_

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Representing Only Retirees

**Association of  
Former Public  
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## President's Message

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It is interesting to note that other groups received guaranteed increases in their paychecks. For example state employees received a 4 percent increase each year of the new biennium and the Legislature granted themselves a 4 percent increase the first year of the biennium and 3.8 percent the second year of the biennium. They also receive fully paid health insurance while non Medicare retirees must pay a premium of 150% of the current state health insurance premium and Medicare retirees must pay the entire cost of their premiums less any health insurance credit available to each retiree. I am very disappointed that the House did not support this very modest increase in the health care credit. Most of us continue to live in North Dakota, pay taxes and contribute to the economic well being of our state. While we are getting up there in years we have good memories and we vote. Lets remember who are friends are come election time.

I want to thank Tom Tupa and Bill Kalanek for their efforts during the session. Although all our goals were not reached we will continue to work to improve the pension program for all public employees in the coming years.

We're on the Web!

[www.afpend.com](http://www.afpend.com)

AFPE

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