



# COMMUNICATOR

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## Legislative Update

Organization Day was held on November 16, 2010. It is generally ceremonial and allows leadership to be elected based on the November 2nd election. As throughout the country, Republicans were overwhelmingly elected.

In Indiana, the Senate Republican caucus increased from 33 to 37 and Democrat caucus decreased members from 17 to 13. The significance is that Republicans have a super majority that allows them to transact business without the Democrats being present. The House Republicans increased from 48 to 60 with Democrats decreasing from 52 to 40. The Republican majorities are the largest in the past several decades. Now in addition to Governor Mitch Daniels, the Republicans are clearly in control of the legislature.

David Long (R-Ft. Wayne) will remain President Pro-Tem in the Senate and Brian Bosma (R-Indianapolis) becomes the new Speaker of the House replacing Pat Bauer (D-South Bend). Along with Governor Daniels, the Republicans set the agenda for the coming biennium.

2011 is the long session which means the primary legislation will be setting of the budget. In addition, Indiana will be redrawn to reflect the new legislative districts. The only statutory requirements for the 2011 session are passage of the budget and new maps. It must be completed by April 29th or it goes into special session. With Republicans firmly in control, it is not likely the session will extend beyond the statutory deadline.

The Board of Directors has met to establish RIPEA's legislative priorities. As in the past, the primary bill will be HB 1176, the Cost of Living Adjustment (COLA) and the 13th check. Rep. Woody Burton (R-Greenwood) will be primary author and Rep. David Niezgodski (D-South Bend) is co-author. HB 1176 proposes a 1% COLA with proposed 13th checks at:

- \$450 for over 30 years of service;
- \$375 for between 20 and 30 years,
- \$275 for between 10 and 20 years,

- \$150 for those with between 5 and 10 years of service and retired under disability benefits.

To be eligible, a person must have an effective date of retirement of December 1, 2010 or prior and will be paid no later than October 1st, 2011. HB 1176 hearing has tentatively been scheduled for February 8th, after the date this report was due. In addition, we will be following other retirement related bills.

During the past year, in a survey of members, 76% concluded that the 13th check was more important to their retirement planning. HB 1176 recognizes that direction with the same payment as 2009, the highest 13th check in history. We recognize that we have a way to go for passage. Typically our bill is one of the last considered so it may be April 29th before we know the final outcome.

As always, please feel free to contact us about legislative issues and watch the website for regular updates.

**Doug Kinser, RIPEA Lobbyist**

## Bruce F. Kimery Elected to the Board of Directors



The RIPEA Board of Directors, in their meeting on December 8, 2010, elected Bruce F. Kimery to the Board.

Mr. Kimery had a distinguished Military Career as well as 21 years of Public Service with the State of Indiana. Mr. Kimery was an officer in the U.S. Army for 22 years that included Tours in Germany, Vietnam and Belgium. His last assignment was at the U.S. Army Finance Center at Fort Harrison in Indianapolis. Mr. Kimery began his employment with the state in 1989 and served in executive positions with the Department of Workforce Development and the Public Employees Retirement Fund.

Welcome aboard Bruce.

## Is the New Basic Plan Right for You?

RIPEA's 2011 Annual Renewal features a new Group Supplement Plan option, the Basic Plan, based on the new Medicare Plan N Supplement! The Basic Plan will have lower premiums and less coverage than the Comprehensive Plan, so it is important to thoroughly weigh the pros and cons to know if the Basic Plan is a good option for you. With the Basic Plan, your Medicare Part A will be the same as with the Comprehensive Plan, but your Part B coverage is reduced, and the Major Medical benefit is not included.

With the Basic Plan, you would pay the Medicare part B deductible, which is \$162 in 2011. After the Part B deductible is met, all eligible Part B expenses will be covered 100% with the exception of two co-pays — a doctor office co-pay of 20% up to a maximum of \$20, and a \$50 Emergency Room co-pay, which would be waived if you were admitted. Also, if you go to a doctor that does not accept Medicare Assignment, the doctor could charge you a 15% Excess Charge over the Medicare approved amounts.

So is the Basic Plan right for you? Use this simple formula to compare plans:

Your Comprehensive Plan Monthly Premium	_____
Minus the Basic Plan Monthly Premium	_____
Equals your Monthly Premium Savings	_____
X12 for your Annual Premium Savings	_____
Deduct the Part B Annual Deductible	- \$162
Your Net Annual Premium Savings	_____
Divide that Savings by the maximum Doctor Office Co-Pay of \$20	_____

This is the number of \$20 Doctor Office Co-Pays you'd pay before the same Out-of-Pocket cost as the Comprehensive Plan.

If the number of Doctor Office Co-pays calculated here substantially exceed the number of Doctor Office visits you would project having in 2011, then the Basic Plan could be a viable option for you! If the number is close or less than the number of visits you would project for 2011, then definitely stay with the Comprehensive Plan.

### Sagamore Benefits

## Laughing Matters

- The classic exchange between Lady Astor and Winston Churchill: She said, "If you were my husband, I'd give you poison." He said, "If you were my wife, I'd drink it."
- Walking into the bar, Mike said to Charlie the Bartender, "Pour me a stiff one — just had another fight with the little woman." "Oh yeah?" said Charlie, "and how did this one end?" "When it was over," Mike replied, "she came to me on her hands and knees." "Really," said Charlie, "now that's a switch, what did she say?" She said, "Come out from under the bed, you little chicken."

### Please Note: Terre Haute Chapter

RIPEA is working to establish our seventh Chapter in the Terre Haute area. Preliminary meeting will be held in early March at the MCL Cafeteria, 25th & Poplar, Terre Haute. Please call the RIPEA office if you are interested in becoming a charter member.

### Important Telephone Numbers

<b>Anthem Blue Cross/Blue Shield</b> .....	<b>1-866-649-2041</b>
RIPEA Group Health Plan	
<b>AMBA</b> .....	<b>1-800-258-7041</b>
Dental/Vision/Long Term Care/Cancer/ Whole Life/Medical Air Service Association	
<b>G.E.T.O.</b> .....	<b>1-877-867-3639</b>
Vacation Condos at Reduced Rates - <a href="http://www.getravelop.com">www.getravelop.com</a>	
<b>Genworth</b> .....	<b>1-866-582-2436</b>
Long Term Care	
<b>HearPo</b> .....	<b>1-888-432-7464</b>
Hearing Plan	
<b>MetLife</b> .....	<b>1-800-438-6388</b>
Auto/Home	
<b>P.E.R.F.</b> .....	<b>1-888-526-1687</b>
Retirement Checks & Benefits	
<b>RIPEA Office</b> .....	<b>1-800-345-9214</b>

Email us at [ripea@ripea.org](mailto:ripea@ripea.org) or  
visit our website: [www.ripea.org](http://www.ripea.org).

The RIPEA office hours,  
Monday through Friday, are: 8 a.m. to 4 p.m.

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## New Federal Income Tax Withholding

*My January 2011 pension benefit payment was different from the usual amount. What may have caused this to change?*

The recent change in 2011 tax tables or the expiration of the Making Work Pay tax credit may have changed the amount of your January pension benefit payment.

*What is the Making Work Pay tax credit?*

This provision of the American Recovery and Reinvestment Act of 2009 provided refundable tax credits for working individuals and married taxpayers filing joint returns. For taxpayers who were not eligible for this tax credit, withholding changes could mean a smaller refund. Others could owe a small amount rather than receive a refund. This temporary tax provision may or may not have affected individual pensioners. This tax credit expired Dec. 31, 2010.

*How are federal taxes calculated?*

PERF is required under federal law to report any distributions made to you in any given calendar year. Any or all amounts may be taxable. Your withholding amount is based on the federal tax election you filed with PERF. If you did not make any election; per IRS guidelines, you would have defaulted to married with three exemptions. Under IRS rules, federal withholding is based on marital status and the number

of allowances you claim when you make your federal income tax election.

*How can I change my federal income tax withholding election?*

You can log on to your PERF Online account at [www.perf.in.gov](http://www.perf.in.gov) to change your federal income tax withholding election. Alternatively, you may print off the Form W-4P, which is also available at [www.perf.in.gov](http://www.perf.in.gov). Click on "Forms" to download the form from the IRS Web site.

*Where can I find additional information on federal income tax withholding?*

Additional information on federal income tax withholding is available on the IRS Web site at [www.irs.gov](http://www.irs.gov).

- Publication 505, Tax Withholding and Estimated Tax
- Publication 919, How Do I Adjust My Tax Withholding?
- Withholding Calculator
- Form W-4P, Withholding Certificate for Pension or Annuity Payments

**Article Provided by PERF**

## 2011 Medicare Changes

Medicare beneficiaries whose coverage began prior to 2010 would see no increase to their Part B monthly premium of \$96.40. The Part B monthly premium for Medicare beneficiaries with coverage beginning in 2011 will be \$115.40.

However, individuals earning over \$85,000 and couples over \$170,000 will pay \$46.10 to \$253.70 per month more in Part B premiums in 2011.

Beginning in 2011, pharmaceutical manufacturers are required to provide a 50% discount on brand-name prescriptions filled in the Coverage Gap. From 2013 to 2020 federal subsidies of an additional 25% will be phased in. For generic drugs, federal subsidies in the Coverage Gap will be 7% in 2011, phasing up to 75% in 2020.

Individuals earning over \$85,000, and couples over \$170,000 will pay \$12.00 to \$69.10 per month more in drug plan premiums starting in 2011.

It is important to note that the Medicare Part D \$4,550 out-of-pocket limit before entering the Catastrophic Coverage level WILL INCLUDE the new 50% Brand Discount and 7% Generic Coinsurance received in the Donut Hole, significantly reducing the out-of-pocket cost of members with high prescription expenses.

Annual Enrollment Period - In prior years, the Annual Enrollment Period has been November 15 - December 31. During the Annual Enrollment Period Medicare beneficiaries can add or change plans that include a Part D prescription drug component. Starting in 2011, the Annual Enrollment Period for the 2012 plan year, will change to October 15 - December 7, one month earlier and one week longer.

**Sagamore Benefits.**

# PERF Retirees Play Big Role in Hoosier Economy

\$902 million impact, 11,000 jobs attributed to PERF benefit payments

Benefit payments from Indiana's largest public pension fund had a \$902 million impact on the Hoosier economy while supporting more than 11,000 jobs.

So concludes an economic impact analysis completed by Indiana University's Kelley School of Business, Department of Business Economics and Public Policy. The analysis considered benefit payments made to members of the Indiana Public Employees' Retirement Fund (PERF) during the fund's 2008 fiscal year, concluding June 30, 2008.

According to the report, PERF payments in the state totaled more than \$465 million. As these funds were spent and re-spent, they generated a total increase in state domestic product of \$902,247,000 with an employment effect of approximately 11,290 jobs.

The report used RIMS II input-output model from

the U.S. Department of Commerce to estimate the circulation and impact of PERF benefit payments, according to the report's lead researcher, Bruce Jaffee, Ph.D., chairperson and professor of business economics and public policy in the Kelley School of Business.

"The basic idea is that a dollar spent circulates more than once in a community," Jaffee said, "For instance, a retiree purchasing groceries is supporting the wages of the store's butcher. The butcher uses part of his wages to purchase insurance. And the insurance agent uses a portion of her commission for a night at the local movie theater."

More than 90 percent of PERF benefit payments went to retirees living in Indiana, while the remainder went to retirees throughout the United States and the world. Florida ranked second to Indiana as the destination of 2.8 percent of PERF benefit payments.

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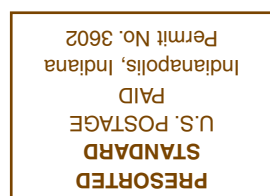
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