

Living power

For all who have made a living and now wish to make a life

Senate Approves Budget Plan; Awaiting House Version

May/June 2005

Volume 21

Number 3

IN THIS ISSUE:

News and Views 2

Return-to-Work Study
Released 6

Everything you
Wanted to Know
about Poison Ivy 8

NCRGEA District
Meeting Seasonal
Schedule 11

Why the Change in
the District Meeting
Schedule 12

The pace of activity in the General Assembly increased dramatically in May as the Senate approved the budget package for 2005-07. Senate Bill 622 which contains the proposed budget for the 2005-07 biennium as well as several tax measures and amendments applying to the lottery bill was approved by the Senate on May 5.

The Senate budget includes both good news and bad news for retired governmental employees. Important features of the Senate budget and a summary of other legislation of interest to retirees are presented below.

Highlights of the Senate Budget (Senate Bill 622)

Cost-of-Living Adjustments

The Senate budget provides a 2% COLA for active state employees and for all groups of retirees, including retired teachers, state employees, local governmental employees, members of the judicial system, and retired legislators. The proposed COLA falls short of the 3.3% Cost-of-Living increase sought by the N.C.

Retired Governmental Employees' Association. The rate of inflation in 2004 was 3.3% as measured by the Consumer Price Index (CPI). The 3.3% COLA is supported by a coalition of organizations representing active and retired employees and by the Retirement System Board of Trustees.

The Senate budget includes a \$13.8 million appropriation to provide the additional money needed to fund a 2% COLA for retired teachers and state employees. The state retirement system had undistributed gains sufficient to fund only a 1.46% increase in state pensions. A 3.3% COLA would require a state appropriation of approximately \$48 million.

In contrast, the Local Governmental Employees' Retirement System (LGERS) has sufficient gains to cover the 3.3% COLA and leave monies in reserve to be carried forward to next year. The 3.3% COLA for local government retirees would not require any change in the contributions made by local governments to the retirement system. *(Continued on page 3)*



News and Views: How to post in the NCRGEA Forums...

Have you been to our website lately? We are in the midst of revamping the entire site; look for a completely new website in the next month or two.

One feature that is up and running is our brand-new forum section, where members can post messages to each other. Here are some directions to get started!

1. Browse... Take some time to browse the forums. Familiarize yourself with the available discussions. Current discussions are: Retirement System Questions, Legislative Issues, Insurance Issues, and General Information.

2. Participate... Online forums can be a very useful information source, but only if you participate in the various discussions and topics. If you have information that others may find useful or you have answers to a fellow member's question, post it for others.

3. Replying to another Member's Post... To answer another member's question or inquire

for additional information, you may want to post a reply to the original topic or question. While reading the topic, click



then type your reply. When you have finished editing your reply, click

“add reply” once again to submit your reply to the forum.

4. Posting a New Topic... If you have a question or other information to share, you may post this information as a new topic. To begin a new topic, browse to the appropriate discussion (i.e. Legislative Issues) then click  then type your entry. When you have finished editing your entry, click “Post New Topic” to submit your entry to the forum.

5. Try It! We have prepared a special discussion for test posts. Please feel free to test the forums and its functions within this forum. Try a post today to see how easy it really is!

Roy Lovvorn Passes

The Association is sorry to report that Dr. Roy L. Lovvorn, a longtime member of the NCRGEA Board of Directors, has passed away. He was 95 years old.

Dr. Lovvorn, a graduate of Auburn University, the University of Missouri, and the University of Wisconsin, enjoyed a long and illustrious career in Agriculture.

Summer Hours

A reminder that the Association's office closes at noon on Fridays from Memorial Day to Labor Day. Our summer office hours are Monday - Thursday from 7:30 to 5:00, and Friday from 7:30 to noon. We will also be closed on Memorial Day, Independence Day and Labor Day.

Living Power is published to provide current information for NCRGEA's membership. Newsletters are printed bimonthly and mailed to all members of NCRGEA. Your comments are welcome.

Editor

Edmund P. Regan

Managing Editor

Tina McCormick

For address changes, suggestions or comments, please contact:

Post Office Box 10561
Raleigh, NC 27605-0561

919.834.4652
1.800.356.1190

www.ncrgea.com

Email: info@ncrgea.com

General Assembly Update

(Continued from page 1)

The Association is urging members to contact their representatives in the House and to ask that the House support a higher retiree COLA. The improving state revenue collections may provide additional funds to boost the COLA and to offset some of the proposed increases in State Health Plan costs that are described later in this article.

National Guard Pension Fund

Senate Bill 622 includes increases in monthly benefit payments to retired members of the North Carolina National Guard. Effective July 1, 2005, the minimum monthly payment would rise from \$50 to \$75. The maximum benefit would increase from \$100 to \$150. This is the first time that Guard benefits have been increased since the Pension Fund was established during the 1970s.

Firemen's and Rescue Squad Workers' Pension Fund

The budget provides an increase in monthly benefits for retired volunteer fire and rescue squad workers. The monthly pension payment would increase from \$161 to \$163.

State Health Plan Changes

The Senate budget appropriates \$292 million for the 2005-07 biennium to address the estimated \$353 million in cost increases in the State Health Plan. The remaining \$61 million is funded through increases in charges paid by Plan members.

Co-payments for brand name prescription drugs would increase from \$25 to \$30. The co-pay for brand name prescription drugs that have a generic equivalent would rise from \$35 to \$40 per prescription. The co-pay for generic prescriptions would remain at \$10.

The current annual deductible of \$350 would remain the same. However, the maximum annual out-of-pocket amount paid by a member would increase from \$1,500 to \$2,000 per year.

Several other out-of-pocket charges also rise as proposed in the Senate budget. These include:

- Hospital stays (first day) - increase from \$100 to \$150
- Facility fees/ancillary charges for out-patient care in excess of \$500 - increase from \$50 to \$150
- Emergency Room visits - increase from \$100 to \$150.

The premium for dependent coverage under the State Health Plan will increase by 14.3%. Initially, the proposed budget contained a 15.2% increase, but this figure was reduced by an amendment on the Senate floor. The increases will become effective October 1, 2005 if approved by the House.

Repayment of Escrowed Funds

The Senate includes \$25 million in the budget for the 2005 installment of payments owed to the Teachers' and State Employees' Retirement System (TSERS). In 2001, the Governor escrowed payments

(Continued on next page)

General Assembly Update

(Continued from page 3)

of the employer contribution to the TSERS in an effort to balance the state budget. The General Assembly made a commitment to repay these funds over a 5-year period. The \$25 million represents the third annual installment of the repayment plan, leaving \$74 million to be paid in the next two years.

Retired Teacher Re-employment

Several bills have been introduced during this Session to extend the law allowing

retired teachers to return to work without loss of pension benefits and without a limitation on earnings. The Senate budget includes a special provision that would extend the 'return to work' law for another year (to June

30, 2006). The provision specifies that retired teachers may not be employed in any capacity with the public school system for at least six months prior to being re-employed as a teacher. The special provision also continues the required employer contribution to the Teachers' and State Employees' Retirement System of 11.7% of the salaries paid to re-employed teachers.

Definition of "Retirement"

Senate Bill 622 also clarifies the definition of 'retirement' that applies to teachers and state employees. This budget provision states that retirement requires a

complete separation from active service with no intent or agreement, express or implied, to return to service. The provision further specifies that no services, including part-time, temporary, substitute, or contractor service, may be rendered for six months immediately following the effective date of retirement. The new definition becomes effective for state employees and teachers on June 30, 2005. It applies to participants in the UNC Phased Retirement program effective June 30, 2007.

Other Retirement Legislation

Several other bills affecting the state retirement systems are under consideration. Highlights of these bills are below.

House Bill 1653: Mandatory COLAs for Retired Teachers and State Employees

This bill was introduced by Representatives Bernard Allen, Coleman, Farmer-Butterfield, and Faison as primary sponsors. The bill requires that annual Cost-Of-Living Adjustments (COLAs) for retired teachers and state employees be equal to the Consumer Price Index (CPI) for All Urban Consumers. The CPI is the most widely used annual measure of inflation. The bill, if approved, would become effective July 1, 2005.

Senate Bill 573: Study of N.C. National Guard Pension Fund

The bill is sponsored by Senator Bob Atwater. It authorizes the Legislative Study Committee to review the NCNG Pension Fund in terms of the actuarial



condition of the Fund, changes in minimum and maximum benefits, and changes in eligibility requirements. The study would be conducted by an 11-member committee and would report findings and recommendations by April 1, 2006.

House Bill 402: Purchase of Military Service for Retirement

The bill is sponsored by Representatives Glazier and Eddins and would permit both active employees and retirees with at least 10 years of service under the Teachers’ and State Employees’ Retirement System and the Local Governmental Employees’ Retirement System to purchase past active military service at a discounted rate. Employees and retirees with at least 5 years of service would be permitted to purchase military time at the full actuarial cost.

House Bill 1267: Exclusion of Pensions from State Income Taxes

This bill, sponsored by Representatives Underhill and Faison, would exclude from state-taxable income all payments received from State, Local, and Federal retirement systems. The bill also exempts payments received from supplemental and individual retirement plans, such as 401K plans, de-

ferred compensation plans, and IRAs.

State Health Plan Legislation

Two bills have been introduced to change the vesting period for the State Health Plan. These bills apply only to active state employees and teachers hired after October 1, 2005 and have no effect on State Health Plan benefits of current active employees or retirees.

Senate Bill 837: State Health Plan 10-Year Vesting

The bill establishes 10 or more years of retirement service credit as the threshold for qualifying for post-retirement coverage by the State Health Plan. The bill applies to teachers, state employees, state law enforcement officers, and state legislators who are hired or elected on or after October 1, 2005. The bill is sponsored by Senator Kerr.

House Bill 1352: State Health Plan Vesting Changes

This bill, sponsored by Representatives LaRoque and Clary, establishes a graduated vesting schedule to replace the current 5-year vesting requirement for post retirement State Health Plan coverage.

Years of Service	% of Premium paid by State
5 yrs., but less than 10 yrs.	25%
10 yrs., but less than 15	50%
15 yrs., but less than 20	75%
20 yrs., or more	100%

The new vesting requirements would apply to state employees, teachers, state law enforcement officers, and legislators hired or elected on or after October 1, 2005.

Return-to-Work Study Released

Editor's Note: The March-April issue of Living Power made mention of a study conducted by the State Retirement Systems Division at the direction of the General Assembly of retired governmental employees returning to work. The report was completed in February and has been presented to the General Assembly. Currently, several of these recommendations are being addressed in the General Assembly's budget considerations. Approved recommendations would be implemented in the next year.

The recommendations of the report regarding changes in state policies governing the reemployment of retirees are presented below.

Recommendation 1: The Retirement System recommends that if the existing return-to-work exemption for those who return to teach is to be retained temporarily, or made permanent, that the costs must be recognized and appropriately funded.

The following steps should be taken to effectively implement Recommendation 1.

A.) Consult with the Retirement System's actuary to accurately establish the total cost of the exemption and align

funding provisions to these projections.

B.) Determine the appropriate funding source, whether from individual employees or a general fund appropriation, to cover the costs of current exemption.

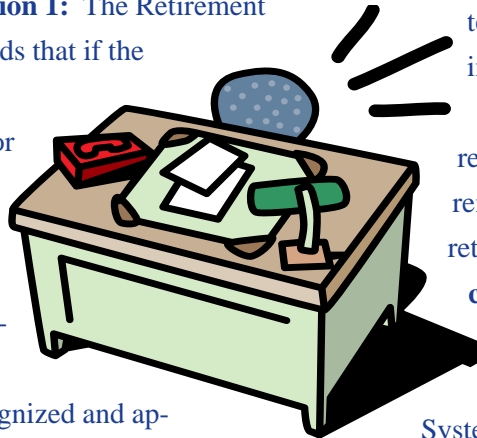
Recommendation 2: Any new salary cap exemptions adopted by the General Assembly should include cost evaluations and appropriate funding measures.

Recommendation 3: Conduct a study to determine if salary cap exemptions are an effective personnel strategy for enhancing retention.

Recommendation 4: Establish in statute a required separation from service between the times of retirement and returning to work for all retirees that resume work within the same retirement system, even those subject to earnings limitations.

Written direction from IRS regulators indicates that the current policy allowing retirees to return to work immediately, **including those subject to earnings restrictions** (emphasis added), places the Retirement

System's tax-exempt status in jeopardy. Loss of its tax-exempt status would be an enormous cost to the State. This would mean that employee and employer contributions, as well as investment earnings, could not grow in the pension system tax deferred. Establishing a mandatory



separation of service for all retirees who return to work is required and will ensure compliance.

Recommendation 5: Specify in statute that pre-existing employment agreements between employers and employees prior to retirement are prohibited.

Recommendation 6: Implement Retention Programs that will encourage valuable employees to postpone retirement and help the State meet its personnel objectives.

Recommendation 6A: Conduct a comprehensive analysis of the State's total employee turnover. Derive the associated turnover costs. Begin to recognize these costs as operating expenses funded from departmental budgets. Develop a new retention program that gives department and agency management the ability to offer valuable veteran employees a bonus incentive to postpone retirement. (*The North Carolina Office of State Personnel is currently in the process of completing a report for imminent release that addresses this very issue.)

Recommendation 6B: Evaluate and prepare for implementation of a State phased retirement program.

Recommendation 6C: Increase the retirement accrual rate for employees who have reached retirement eligibility to encourage continued service.



The North Carolina public sector may experience labor shortages as the Baby Boomer generation reaches retirement age and begins its exodus from the work force. However, the extent of potential future labor shortages,

and how to best address them remains an unresolved issue. Thorough evaluation of the State's current and future labor needs is an essential first step toward developing appropriate personnel policies, including retention and return to work programs. Thoughtful discussion and debate of work force policy, including the many issues presented here, are necessary if North Carolina's government is to continue to maintain a qualified workforce that will meet the needs of its citizens.

The State's strong public-pension plans are now and will remain the public sector's primary recruitment and long-term retention tool for quality workers with many employment choices. North Carolina should prepare for the future by establishing policies that retain quality workers without compromising its public-pension plans.

Everything You Wanted to Know about Poison Ivy (or maybe not...)

Approximately 85 percent of the population will develop an allergic reaction if exposed to poison ivy, oak or sumac, according to the American Academy of Dermatology.

Usually, people develop a sensitivity to poison ivy, oak or sumac only after several encounters with the plants, sometimes over many years. However, sensitivity may occur after only one exposure.

The cause of the rash, blisters, and infamous itch is urushiol (pronounced *oo-roo-shee-ohl*), a chemical in the sap of poison ivy, oak and sumac plants. Because urushiol is inside the plant, brushing against an intact plant will not cause a reaction. But undamaged plants are rare.

Stems or leaves broken by the wind or animals, and even the tiny holes made by chewing insects, can release urushiol.

Reactions, treatments and preventive measures are the same for all three poison plants. Avoiding direct contact with the plants reduces the risk but doesn't guarantee against a reaction. Urushiol can stick to pets, garden tools, balls, or anything it comes in contact with. If the urushiol isn't washed off those objects or animals, just touching them—for example, picking up a ball or petting a dog—could cause a reaction in a susceptible person.

Urushiol that's rubbed off the plants onto other things can remain potent for years, depending on the environment. If

the contaminated object is in a dry environment, the potency of the urushiol can last for decades. Even if the environment is warm and moist, the urushiol could still cause a reaction a year later.

Almost all parts of the body are vulnerable to the sticky urushiol, producing the characteristic linear (in a line) rash. Because the urushiol must penetrate the skin to cause a reaction, places where the skin is thick, such as the soles of the feet and the palms of the hands, are less sensitive to the sap than areas where the skin is thinner. The severity of the reaction may also depend on how big a dose of urushiol the person got.

Quick Action Needed

Because urushiol can penetrate the skin within minutes, there's no time to waste if you know you've been exposed. "The earlier you cleanse the skin, the greater the chance that you can remove the urushiol before it gets attached to the skin," says Hon-Sum Ko, M.D., an allergist and immunologist with FDA's Center for Drug Evaluation and Research. Cleansing may not stop the initial outbreak of the rash if more than 10 minutes has elapsed, but it can help prevent further spread.

If you've been exposed to poison ivy, oak or sumac, if possible, stay outdoors until you complete the first two steps:

- Cleanse exposed skin with generous amounts of isopropyl (rubbing) alcohol. Don't return to the woods or yard the same day. Alcohol removes your skin's protection along with the urushiol and any new

contact will cause the urushiol to penetrate twice as fast.

- Wash skin with water. Water temperature doesn't matter; if you're outside, it's likely only cold water will be available.
- Third, take a regular shower with soap and warm water. Do not use soap before this point because soap will tend to pick up some of the urushiol from the surface of the skin and move it around.
- Clothes, shoes, tools, and anything else that may have been in contact with the urushiol should be wiped off with alcohol and water. Be sure to wear gloves or otherwise cover your hands while doing this and then discard the hand covering.

Dealing with the Rash

If you don't cleanse quickly enough, or your skin is so sensitive that cleansing didn't help, redness and swelling will appear in about 12 to 48 hours. Blisters and itching will follow. For those rare people who react after their very first exposure, the rash appears after seven to 10 days.

Because they don't contain urushiol, the oozing blisters are not contagious nor can the fluid cause further spread on the affected person's body.

The rash will only occur where urushiol has touched the skin; it doesn't spread throughout the body. However, the rash may seem to spread if it appears over time instead of all at once. This is either because the urushiol is absorbed at different rates in different parts of the body or because of repeated exposure to contaminated objects or urushiol trapped under the

fingernails.

The rash, blisters and itch normally disappear in 14 to 20 days without any treatment. For mild cases, wet compresses or soaking in cool water may work. Oral antihistamines can also relieve itching.

FDA also considers over-the-counter topical corticosteroids (commonly called hydrocortisones under brand names such as Cortaid and Lanacort) safe and effective for temporary relief of itching associated with poison ivy.

For severe cases, prescription topical corticosteroid drugs can halt the reaction, but only if treatment begins within a few hours of exposure.

Severe reactions can be treated with prescription oral corticosteroids. Phillip M. Williford, M.D., assistant professor of dermatology, Wake Forest University, prescribes oral corticosteroids if the rash is on the face, genitals, or covers more than 30 percent of the body. The drug must be taken for at least 14 days, and preferably over a three-week period, says FDA's Ko. Shorter courses of treatment, he warns, will cause a rebound with an even more severe rash.

There are a number of OTC products to help dry up the oozing blisters, including:

- aluminum acetate (Burrows solution)
 - baking soda
 - Aveeno (oatmeal bath)
 - aluminum hydroxide gel
 - calamine
- (continued on next page)



·Poison Ivy (Continued from page 9)

- zinc acetate
- kaolin
- zinc carbonate
- zinc oxide

Desensitization, vaccines, and barrier creams have been studied over the last several decades for their potential to protect against poison ivy reactions, but none have been approved by FDA for this purpose. Right now, prevention seems the best treatment.

Getting Rid of the Plants

Poison ivy, oak and sumac are most dangerous in the spring and summer, when there is plenty of sap, the urushiol content is high, and the plants are easily bruised. However, the danger doesn't disappear over the winter. Dormant plants can still cause reactions, and cases have been reported in people who used the twigs of the plant for firewood or the vines for Christmas wreaths. Even dead plants can cause a reaction, because urushiol remains active for several years after the plant dies.

If poison ivy invades your yard, "there's really no good news for you," says David Yost, a horticulturist with the state of Virginia. The two herbicides most commonly used for poison ivy—Roundup and Ortho Poison Ivy Killer—will kill other plants as well. Spraying Roundup on the foliage of young plants will kill the poison ivy, but if the poison ivy vine is growing up your prize rhododendron or azalea, for example, the Roundup will kill

them too, he says.

Ortho Poison Ivy Killer, if used sparingly, will kill poison ivy but not trees it grows around, says Joseph Neal, Ph.D., associate professor of weed science, Cornell University. "But don't use it around shrubs, broadleaf ground cover, or herbaceous garden plants," he says. It is possible to spray the poison ivy without killing other plants if you pull the poison ivy vines away from the desirable plants and wipe the ivy foliage with the herbicide, or use a shield on the sprayer to direct the chemical.

The plants should be thrown away according to your municipality's regulations, says Neal. Although urushiol will break down with composting, Neal doesn't recommend that because the plants must be chopped into small pieces first, which just adds to the time you're exposed to the plant and risk of a rash. "It's a health issue," he says.

Never burn the plants. The urushiol can spread in the smoke and cause serious lung irritation.

Neal recommends wearing plastic gloves over cotton gloves when pulling the plants. Plastic alone isn't enough because the plastic rips, and cotton alone won't work because after a while the urushiol will soak through.

Information for this article was provided by the U.S. Food and Drug Administration, 5600 Fishers Lane, Rockville MD 20857-0001, 1-888-INFO-FDA (1-888-463-6332), www.fda.gov.

NCRGEA Seasonal District Meeting Schedule

Time	District	Counties
Spring 2005		
Charlotte	6	Mecklenburg
Concord	6	Anson, Cabarrus, Stanly, Union
Gastonia	6	Cleveland, Gaston
Fall 2005		
Wilkesboro	2	Alleghany, Surry, Wilkes, Yadkin
Boone	2	Ashe, Avery, Caldwell, Watauga
Hickory	2	Alexander, Burke, Catawba, Lincoln
Statesville	2	Iredell, Rowan
Cullowhee (<i>fall 03</i>)	1	Cherokee, Clay, Graham, Haywood, Jackson, Macon, Swain
Asheville (<i>fall 03</i>)	1	Buncombe, Madison, McDowell, Mitchell, Yancey
Hendersonville (<i>fall 03</i>)	1	Rutherford, Henderson, Polk, Transylvania
Spring 2006		
Raleigh	8	Wake (1/2)
Raleigh	8	Wake (1/2)
Henderson	4	Franklin, Granville, Nash, Vance, Warren
Durham	4	Durham, Orange, Person
Burlington (<i>spring 04</i>)	4	Alamance, Caswell, Chatham
Fall 2006		
Rocky Mount (<i>spring 04</i>)	5	Edgecombe, Martin, Wilson
Roanoke Rapids (<i>spring 04</i>)	5	Halifax, Hertford, Northampton
Greensboro (<i>spring 04</i>)	3	Guilford (1/2), Rockingham
Winston Salem (<i>spring 04</i>)	3	Davie, Forsyth, Stokes
High Point (<i>spring 04</i>)	3	Davidson, Guilford (1/2), Randolph
Spring 2007		
New Bern (<i>fall 04</i>)	5, 9	Carteret, Craven, Duplin, Jones, Lenoir, Onslow, Pamlico
Wilmington (<i>fall 04</i>)	9	Brunswick, Columbus, New Hanover, Pender
Washington	5	Beaufort, Dare, Hyde, Tyrrell, Washington
Greenville	5, 9	Pitt, Greene, Wayne
Elizabeth City	5	Camden, Chowan, Currituck, Bertie, Gates, Pasquotank, Perquimans
Fall 2007		
Lumberton	7, 9	Bladen, Hoke, Robeson, Scotland
Fayetteville	7	Cumberland, Harnett, Johnston, Sampson
Southern Pines	7	Anson, Lee, Montgomery, Moore, Richmond

(Cities in parenthesis denote a change from the past rotation)

District Meeting Schedule Changed

The previous page of *Living Power* contains a seasonal chart for the next three years of district meetings. You may notice your county's meeting date may have changed. As you know, we typically have a meeting in your district every three years.

The staff decided to make some changes in the schedule because of an overload in programming every three years. We usually average about nine to ten meetings a year; however, we noticed we were doing fifteen meetings one year. This will even things out.

We hope you plan to attend your meeting when we are in your district!

Important Phone Numbers to Remember

NCRGEA	1-800-356-1190
NC Retirement System	1-877-733-4191 (questions about your retirement check, to get direct deposit, change of address, to report a death)
CIGNA (Medicare Administrator)	1-800-633-4227
NC State Health Plan	1-919-881-2300
Seniors' Health Insurance Information Program .	1-800-443-9354
Medical Review of North Carolina	1-800-722-0468
MetLife Dental	1-888-466-9073
Blue Cross/Blue Shield	1-800-672-7897 (State Health Plan Administrator)
Social Security Administration	1-800-772-1213