

Living power

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

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The Cost of Living: Misconceptions and Realities

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Introduction

The top priority goal of the North Carolina Retired Governmental Employees' Association in every session of the General Assembly is to obtain Cost-Of-Living Adjustments (COLAs) for retired state and local government employees that keep pace with inflation as measured by the Consumer Price Index (CPI). The purpose in linking retiree COLAs to the most commonly recognized measure of domestic inflation is to maintain the buying power of every retiree's pension.

Unfortunately, we occasionally encounter skepticism among a few members of the General Assembly regarding the importance of annual COLAs for retirees. While the overwhelming majority of the General Assembly members understand the necessity to provide annual pension adjustments and support our efforts, the fact that there are misconceptions about the importance of COLAs is troubling. This article seeks to address the arguments made against annual pension increases keeping pace with the rate of inflation.

Misconception #1: "North Carolina is one of few states providing any form of Cost-Of-Living Adjustment to retiree pensions. The majority of the states do not regularly provide COLAs to retired employees."

The Reality: The North Carolina General Assembly has been diligent in providing retiree COLAs. Retired teachers and state employees have received a COLA in all but one (1991) of the last 36 years. However, North Carolina is not alone in providing regular pension increases.

According to a study of state pension plans conducted by United States General Accounting Office (GAO) in 1999, 48 states including North Carolina have defined benefit employee pension plans. Thirty-three of these states, nearly 70%, provided retiree COLAs in each of the 5 years (1992 to 1996) covered by the study. Only the state of Texas did not provide a retiree COLA during the 5-year period. In fact, 19 of these 48 states link the annual retiree COLA to the Consumer

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NCRGEA News & Views: Confusion Over the Dental Plan

After the Department of State Treasurer mailed enrollment packages for the dental and vision plans they sponsor, the NCRGEA staff began receiving a number of calls asking whether or not the MetLife Dental Plan sponsored by the Association will be renewed this year. Our contract with MetLife is a **two-year** contract, which became effective January 1, 2006 and is **effective through December 31, 2007**.

If you are currently enrolled in the MetLife Dental Plan, you do not need to reenroll this year. The premium rate and your enrollment became effective January 1, 2006 and is guaranteed through December 31, 2007. Also, as a paid member of NCRGEA, you are automatically covered by the NC Vision Health Plan 150 at no additional cost to you. This is a vision care **discount** plan, which covers you and your spouse if you go to participating providers in North Carolina for your wellness eye exams and glasses or contacts.

The dental and vision insurance plans sponsored by the Office of State Treasurer (National Pacific Dental and Superior Vision) are dental and vision insurance options available to all retirees.

Please note that even though the National Pacific Dental Plan monthly premiums are less expensive than MetLife, there are dif-

ferences in the plans that mean you will be reimbursed less for many of the services, thus creating more out-of-pocket expenses. Should you like to hear more about these differences, please call us at 1-800-356-1190 and we will be happy to discuss them with you.

A final note: As a non-profit Association, we do not have any financial gain in promoting the MetLife dental plan. We do not profit in any way on those members enrolled in the plan. We think state and local government retirees benefit from having competing dental plans to choose from and, in comparing the plans extensively, we also believe that the MetLife plan is a better plan for our members.

WeSave Benefit Program Available to Retirees

WeSave, Inc. and the Office of State Personnel are excited to announce the WeSave Benefit Program is now available to state and local government retirees from North Carolina. This is an exclusive public employee and retiree discount program, with over 1000 participating merchants in North Carolina. The WeSave card also enables you to enjoy special promotions and events. For more information, call 1-866-987-2833 or visit the website www.wesave.com. Business hours are Monday - Friday from 9 a.m. to 5 p.m. More details will be given in future editions of *Living Power*.



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.

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Superior Court Rules in Retirement Funds Lawsuit

On September 6, Wake County Superior Court Judge Joseph R. John Sr. issued a ruling in the class action case brought by a group of current and retired state employees against the State of North Carolina regarding state funds withheld from the Teachers' and State Employees' Retirement System in 2001. The plaintiffs' lawsuit claims that Governor Easley and other State officials violated the Constitution by diverting state appropriations intended for the retirement system. The State contends the Governor acted in accordance with the state Constitutional mandate to maintain a balanced budget.

Judge John ruled to allow the plaintiffs' motion for summary judgement with regard to violation of Article V, Section 6 of the North Carolina Constitution, which prohibits the use of the funds of both state and local governmental retirement systems for any purposes other than retirement benefits and related administrative costs. However, the ruling did not require the immediate repayment of the diverted funds.

The court ruled in favor of the State with regard to the defense's motion that the Governor's actions did not violate either the separation of powers or the equal protection provisions of the State Constitution. It is likely that this Superior Court ruling will be appealed by both parties.

Approximately \$45 million of the funds withheld in 2001 remain to be repaid. In

2003, the General Assembly committed to repay all the escrowed funds plus interest in five years.

Long Term Care Lawsuit Filed

Two retired state employees who were members of the long term care group insurance plan provided by MedAmerica under contract with the State Health Plan recently filed a suit seeking to recover damages they suffered when the state contract was discontinued. The State Health Plan re-bid the contract in 2004 and MedAmerica did not submit a new proposal. The new contract was awarded to Prudential.

Employees and retirees who had enrolled in the MedAmerica plan were given the option of taking individual coverage with MedAmerica or converting to the Prudential group plan. Many plan members were faced with higher premiums under either option.

The lawsuit claims that the plaintiffs had been guaranteed fixed premium rates and were not made aware of the fact that the initial contract with MedAmerica was for a maximum term of seven years. The plaintiffs have filed a complaint seeking class relief and their attorneys will ask the court to certify this as a class action. The lawsuit was brought against MedAmerica and the State Health Plan.

You can obtain more information about the lawsuit by contacting the plaintiffs' attorneys. Their names and phone numbers are listed below.

Mr. J.M. Futrell (215) 496-7500
Mr. Don Beskind (919) 828-4357

The Cost of Living: Misconceptions and Realities

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Price Index by state statute or regulation. Another 12 states set a fixed rate for annual pension increases by statute or regulation.

Misconception #2: “Retired employees do not need a Cost-Of-Living Adjustments equal to the COLAs granted to active employees because retirees have fewer deductions from their pensions than active employees have from their paychecks. The net pension received by the average state retiree is not much less than the pay they received when they were an active employee. Therefore they only need about 80% of the COLAs given to active employees.”

sion check deductions for Retirement System contributions or for Federal Social Security and Medicare contributions.

Additionally, if the retiree is qualified under the Supreme Court ruling in the case of Bailey v. the State of North Carolina, his or her pension benefit is exempt from state income taxes. However, if retirees are given lower COLAs than active employees, it does not take very long for this policy to have a serious impact on the value of pension benefits.

As an example, we have taken a state employee who retired with a highest 4-year average annual salary of \$48,000 and calculated annual deductions from the annual salary and their annual pension following retirement.

The employee in this example receives a gross annual pension equal to 54% of

Notes: The comparison in the chart to the right assumes withholdings based on a two-member household, the employee’s pension is “Bailey qualified” (exempt from state income taxes), and the retiree is under age 62.

	Active Employee	Retired Employee	Pension as %of Salary
Gross Salary/ Pension	\$48,000	\$25,920	54.0%
Fed. Income Tax	4,260	1,128	
N.C. Income Tax	3,432	0	
Pension Contrib.	2,880	0	
Social Security	2,976	0	
Medicare	696	0	
Net Salary/Pension	\$33,756	\$24,792	73.4%

The Reality: Inflation has the same impact on the buying power of retiree pensions as it does on the buying power of active employees’ salaries. It is true that a retired employee does not have any pen-

gross salary before retirement. When the differentials in deductions are considered, the retiree’s pension is equal to 73.4% of net salary. But what happens if the state follows a policy of giving retirees a lower

annual Cost-Of-Living Adjustment than active employees? The following analysis assumes an annual rate of inflation of 5%, active employee COLAs at 5%, and retiree COLAs pro-rated at only 4% (80% of active employees COLAs).

The summary presented below indicates that retiree pensions rapidly fall behind in a situation where retired employees consistently receive COLAs that are lower than the inflationary adjustments granted to active employees. In 5 years, the retiree’s net pension falls to 70.2% of the active employee salary. By

therefore, should not expect to be treated exactly the same as active workers.”

The Reality: In fact, retirees do not expect to be treated the exact same way as our active counterparts. We recognize the need for the state to make periodic adjustments in compensation plans to address shortages of personnel in certain fields (for example: teachers, engineers, and nurses), to provide performance-based pay incentives, etc. However, we do expect fair consideration when it comes to inflation. Cost-Of-Living Adjustments are not in the

YEAR	ACTIVE EMPLOYEES		RETIRED EMPLOYEES		PENSION AS % ACTIVE SALARY	
	GROSS	NET	GROSS	NET	GROSS	NET
2006	\$48,000	\$33,756	\$25,920	\$24,792	54.0%	73.4%
2011	\$61,260	\$42,975	\$31,540	\$30,178	51.5%	70.2%
2016	\$78,190	\$54,990	\$38,370	\$36,700	49.1%	66.7%

the tenth year after retirement, the retiree receives only 66.7% of the comparable net salary.

Stated another way, the buying power of the initial \$24,792 net annual pension payment steadily declines when COLAs do not keep pace with inflation. By 2011, each dollar received by the retiree in our example buys only 91.2 cents of goods and services. Ten years out (2016), the value of each pension dollar has fallen to roughly \$0.87.

same category as labor market-based pay plan adjustments and performance pay. COLAs simply allow retired employees to maintain a reasonable lifestyle after a career of service to the people of North Carolina.

- Ed Regan



Misconception #3: “ Retired employees by definition are no longer working and,

The Many Faces of Domestic Violence and Elder Abuse

October is Domestic Violence Awareness Month. Domestic violence is a very serious issue. **One in four women will be the victim of domestic violence in her lifetime, according to the National Institute of Justice. Domestic violence impacts and affects everyone.** It doesn't discriminate against age, race or income and can be found in every fabric of our community – **from country club settings to less affluent communities alike.**

WHAT IS DOMESTIC VIOLENCE?

The threat of or the use of violence or intimidation, by an intimate partner to gain and maintain power and control over another person. **Physical, verbal, emotional, sexual and financial/ economic**—these are some of the different types of abuse imposed on victims of domestic violence.

DOMESTIC VIOLENCE AND THE ELDERLY

The National Committee for the Prevention of Elder Abuse, an association of advocates, researchers, and professionals, has identified three categories of domestic violence against the elderly:

1) Domestic violence grown old: Domestic violence that started earlier in life can continue into old age.

2) Late onset domestic violence: A strained or emotionally abusive relationship can turn worse as the partners age. When the abuse begins or worsens in old

age, the triggers are likely:

- Retirement
- Disability
- Changing roles of family members
- Sexual changes

3) Late in life abuse: Some older people enter into abusive relationships later in life.

NORTH CAROLINA STATISTICS

In North Carolina, 32 percent of domestic violence clients served in 2004-2005 were between 45 and 54 years old (NC Council for Women, 2005). About 14 percent of Interact's clients are between the ages of 41 and 60.

RED FLAGS

Awareness is the first step to help keep you, your friends, family and loved ones safe. Some warning signs to watch are when a partner:

- Isolates you from friends and family
- Controls your income
- Keeps you from getting/keeping a job
- Calls you names
- Tells you you're stupid or worthless
- Hits, pushes, strangles, punches or throws objects at you
- Forces you to have sex
- Threatens or intimidates you, your children, your grandchildren or other family members

MAKE A DIFFERENCE FOR DOMESTIC VIOLENCE

Even if you are not in a domestic violence situation or know of anyone who is, you can still make a difference. Here are ways you can help:

- Become a volunteer at a domestic

violence center.

- Donate goods, resources or funds to support victims of domestic violence or sexual assault.
- Visit www.interactofwake.org for more information.
- Donate your old cell phone or host a cell phone drive to raise funds for Interact or other domestic violence centers in your area.

ABOUT INTERACT

Interact promotes violence-free relationships and communities through collaboration, public information, education and advocacy. To find out more, call 919-828-7501 or www.interactofwake.org.

What is elder abuse?

Elder abuse is a term referring to any knowing, intentional, or negligent act by a caregiver or any other person that causes harm or a serious risk of harm to a vulnerable adult. The specificity of laws varies from state to state, but broadly defined, abuse may be:

- **Physical Abuse** - Inflicting, or threatening to inflict, physical pain or injury on a vulnerable elder, or depriving them of a basic need.
- **Emotional Abuse** - Inflicting mental pain, anguish, or distress on an elder person through verbal or nonverbal acts.
- **Sexual Abuse** - Non-consensual sexual contact of any kind.
- **Exploitation** - Illegal taking, misuse, or concealment of funds, property, or assets of a vulnerable elder.
- **Neglect** - Refusal or failure by those responsible to provide food, shelter, health

care or protection for a vulnerable elder.

- **Abandonment** - The desertion of a vulnerable elder by anyone who has assumed the responsibility for care or custody of that person.

What are the warning signs of elder abuse?

While one sign does not necessarily indicate abuse, some tell-tale signs that there could be a problem are:

- Bruises, pressure marks, broken bones, abrasions, and burns may be an indication of physical abuse, neglect, or mistreatment.
- Unexplained withdrawal from normal activities, a sudden change in alertness, and unusual depression may be indicators of emotional abuse.
- Bruises around the breasts or genital area can occur from sexual abuse.
- Sudden changes in financial situations may be the result of exploitation.
- Bedsores, unattended medical needs, poor hygiene, and unusual weight loss are indicators of possible neglect.
- Behavior such as belittling, threats, and other uses of power and control by spouses are indicators of verbal or emotional abuse.
- Strained or tense relationships, frequent arguments between the caregiver and elderly person are also signs.

What is self-neglect and what are the signs?

Tragically, sometimes elders neglect their own care, which can lead to illness or injury. Self-neglect can include behaviors such as: *(Continued on next page)*

- Hoarding
- Failure to take essential medications or refusal to seek medical treatment for serious illness
- Leaving a burning stove unattended
- Poor hygiene
- Not wearing suitable clothing for the weather
- Confusion
- Inability to attend to housekeeping
- Dehydration

Self-neglect accounts for the majority of cases reported to adult protective services. Oftentimes, the problem is paired with declining health, isolation, Alzheimer's disease or dementia, or drug and alcohol dependency.

In some of these cases, elders will be connected to supports in the community that can allow them to continue living on their own. Some conditions like depression and malnutrition may be successfully treated through medical intervention. If the problems are severe enough, a guardian may be appointed.

What makes an older adult vulnerable to abuse?

Social isolation and mental impairment (such as dementia or Alzheimer's disease) are two factors that may make an older person more vulnerable to abuse. But, in some situations, studies show that living with someone else (a caregiver or a friend) may increase the chances for abuse to occur. A history of domestic violence may also make a senior more susceptible to abuse.

Who are the abusers of older people?

Abusers of older adults are both women and men. Family members are more often the abusers than any other group. For several years, data showed that adult children were the most common abusers of family members; recent information indicates spouses are the most common perpetrators when state data concerning elders and vulnerable adults is combined.

The bottom line is that elder abuse is a family issue. As far as the types of abuse are concerned, neglect is the most common type of abuse identified.



Are there criminal penalties for the abusers?

Although there are variations across the country, in most states there are several laws that address criminal penalties for various types of elder abuse. Laws vary state to state. Some states have increased penalties for those who victimize older adults. Increasingly, across the country, law enforcement officers and prosecutors

are trained on elder abuse and ways to use criminal and civil laws to bring abusers to justice.

How many people are suffering from elder abuse?

It is difficult to say how many older Americans are abused, neglected, or exploited, in large part because surveillance is limited and the problem remains greatly hidden. Findings from the often cited National Elder Abuse Incidence Study suggest that more than 500,000 Americans aged 60 and over were victims of domestic abuse in 1996.

This study also found that only 16 percent of the abusive situations are referred for help - 84 percent remain hidden. While a couple of studies estimate that between 3 percent and 5 percent of the elderly population have been abused, the Senate Special Committee on Aging estimates that there may be as many as 5 million victims every year.

One consistent finding, over a ten-year study period, is that reports have increased each year.

Who do I call if I suspect elder abuse?

Each one of us has a responsibility to keep vulnerable elders safe from harm. The laws in most states require helping professions in the front lines — such as doctors and home health providers — to report suspected abuse or neglect. These professionals are called mandated reporters. Under the laws of eight states, “any person” is required to report a suspicion of mistreatment.

Call the police or 9-1-1 immediately if someone you know is in immediate, life-threatening danger.

If the danger is not immediate, but you suspect that abuse has occurred or is occurring, please tell someone. Relay your concerns to the local adult protective services, long-term care ombudsman, or police.

If you have been the victim of abuse, exploitation, or neglect, you are not alone. Many people care and can help. Please tell your doctor, a friend, or a family member you trust, or call the Eldercare Locator help line immediately.

You can reach the **Eldercare Locator** by telephone at **1-800-677-1116**. Specially trained operators will refer you to a local agency that can help. The Eldercare Locator is open Monday through Friday, 9 a.m. to 8 p.m. Eastern Time.

What should I expect if I call someone for help?

When making the call, be ready to give the elder’s name, address, contact information, and details about why you are concerned.

You may be asked a series of questions to gain more insight into the nature of the situation.

- Are there any known medical problems (including confusion or memory loss)?
- What kinds of family or social supports are there?
- Have you seen or heard incidents of yelling, hitting, or other abusive behavior?

(Continued on next page)

You will be asked for your name, address, telephone number, etc., but most states will take the report even if you do not identify yourself.

How can elder abuse be prevented?

Educating seniors, professionals, caregivers, and the public on abuse is critical to prevention. On an individual level, some simple but vital steps to reduce the risk:

- Take care of your health.
- Seek professional help for drug, alcohol, and depression concerns. Urge family members to get help for these problems.
- Attend support groups for spouses and learn about domestic violence services.
- Plan for your own future. With a power of attorney or a living will, health care decisions can be addressed to avoid confusion and family problems, should you become incapacitated. Seek independent advice from someone you trust before signing any documents.
- Stay active in the community and connected with friends and family. This will decrease social isolation, which has been connected to elder abuse.
- Know your rights. If you engage the services of a paid or family caregiver, you have the right to voice your preferences and concerns. If you live in a nursing home or board and care home, call your Long Term Care Ombudsman. The Ombudsman is your advocate and has the power to intervene.

All states have adult protective and long-term care ombudsman programs, family care supports, and home and com-

munity care services that can help older adults with activities of daily living. Call the Eldercare Locator at **800-677-1116** for information and referrals on services in your area.

What is being done to stop elder abuse?

At the national level, Elder Justice Act legislation has recently been proposed to provide federal leadership to help reduce elder abuse.

Community collaborations, meanwhile, are playing an increasingly important role in educating the public and professionals. In recent years, State Attorneys General offices and law enforcement have stepped up efforts to prosecute. On the front lines, “multidisciplinary teams” (social workers, nurses, lawyers, etc.) have begun to be created to better target interventions.

Elder abuse coalitions also are working to make life safer for vulnerable elders and are an important step forward in the fight against elder abuse. Find out how you can be involved.

How can I help stop elder abuse?

Knowing the warning signs of abuse is a first step toward protecting elders. Some specific tips: **Become a community “sentinel”** - Keep a watchful eye out for loved ones, friends, or neighbors who may be vulnerable. **Speak up if you have concerns.** That means even if you are not sure. You have a right to question. **Be involved.** Volunteer with older adults in your community. Support initiatives to increase and strengthen adult protective services in your state.

Most important is to be alert. The suf-

fering is often in silence. If you notice changes in personality or behavior, you should start to question what is going on.

Hotlines:

INTERACT'S 24-HOUR DOMESTIC VIOLENCE
CRISIS LINE:

919-828-7740

INTERACT'S 24-HOUR SEXUAL ASSAULT CRISIS
LINE:

919-828-3005

North Carolina Resources:

North Carolina Coalition Against Domestic
Violence (NCCADV)

<http://www.nccadv.org>

Toll Free: 1-888-232-9124

North Carolina Coalition Against Sexual
Assault (NCCASA)

<http://www.nccasa.org/>

919-870-8881

Additional resources:

National Center on Elder Abuse (NCEA)

<http://www.elderabusecenter.org>

202-898-2586

National Coalition Against Domestic
Violence (NCADV)

<http://www.ncadv.org/>

National Domestic Violence Hotline: 1-
800-799-SAFE (7233)

National Coalition Against Sexual
Assault (NCASA)

National Hotline: 717-232-7460

National Committee for the Prevention
of Elder Abuse

www.preventelderabuse.org/

202-682-4140

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More SECU Financial Readiness Workshops Announced

You may remember last year we announced a new benefit of membership in the Association with the creation of a series of Financial Readiness Workshops for NCRGEA members. In partnering with the State Employees' Credit Union, the Association is pleased to announce several upcoming workshops for both our members and the SECU Golden Circle members.

We plan to offer these two-hour educational workshops across the state. Topics will vary and those who attend the free workshops will not be solicited in any way for financial services. The sole purpose for these workshops is educational and informational. Topics this session are "Identity Theft and Phishing" and "Understanding and Reading a Credit Report".

Below is a schedule of our fall workshops. If this is in your area, look for an invitation in coming weeks and make plans now to attend. We will have morning and afternoon sessions and attendance will be capped off at 150 people per session. Refreshments will be served.

94% of the members attending recent workshops rated the seminars as "very worthwhile". We hope to see you there!

Tuesday, November 14	Greenville
Wednesday, November 15	Rocky Mount
Tuesday, November 28	Gastonia
Wednesday, November 29*	Charlotte
Thursday, November 30	Charlotte

** Afternoon & evening sessions are scheduled*

Domestic Violence and Elder Abuse

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National Clearinghouse on Abuse in Late Life (NCALL)

<http://www.ncall.us>

Call 608-255-0539 for a copy of NCALL's Domestic Abuse in Later Life resource Directory, which lists support groups, adult protective-services offices, and shelters by state.

Information for this article was provided by Damita Chambers, Communications, Outreach Specialist at Interact and by the National Center on Elder Abuse (NCEA). NCEA may be reached at www.elderabusecenter.org or by calling 202-898-2586.

Important Phone Numbers to Remember

NCRGEA	1-800-356-1190
MetLife Dental	1-888-466-9073
NC Retirement System	1-877-733-4191
CIGNA (Medicare Administrator)	1-800-633-4227
Seniors' Health Insurance Information Program ..	1-800-443-9354
Medical Review of North Carolina	1-800-722-0468
NC State Health Plan	1-919-881-2300
Blue Cross/Blue Shield	1-800-422-4658
(State Health Plan Administrator)	
Social Security Administration	1-800-772-1213
State Employees' Credit Union	1-888-732-8562
Local Government Federal Credit Union	1-888-732-8562