October 7, 2019

Webinar on October 8th | Proactive Pension Management

AARP and NRTA recently shared with you new public pension research that was conducted by the Center for State and Local Government Excellence (SLGE).

**Proactive Pension Management: An Elected Official’s Guide to Variable Benefit and Contribution Arrangements** provides policymakers and stakeholders with an overview of the use of variable benefit and contribution arrangements in public pension plans - arrangements that can add flexibility and create potential benefits for plans and beneficiaries alike, while preserving the underlying defined benefit pension system.

We invite you and your members to attend a webinar on **Tuesday, October 8, 2019**, at 1:00 PM ET hosted by SLGE to review the research.

Register for the webinar [here](#).  
Download the research [here](#).

Under variable benefit and contribution arrangements, a pre-set formula drives occasional adjustments - increases or decreases - in retirement benefits and/or contributions to help maintain the long-term sustainability of a pension plan.

The report also offers six case studies of variable arrangements implemented in Colorado, Iowa, South Dakota, Utah, Virginia and Wisconsin.

This is the second elected officials guide AARP has produced with SLGE. The first, **Understanding Public Pensions: A Guide for Elected Officials**, provides an overview of public pensions and how they help to provide a secure retirement for the public sector workforce, including teachers, police officers, and firefighters.

We hope you find this research useful as you work to educate policymakers on the importance of public pensions for helping to ensure the financial security of educators.
Prescription Drug Prices Increase by Double the Rate of Inflation

The average annual cost for prescription drugs widely used to treat chronic conditions was nearly $20,000 in 2017, according to a new AARP report that analyzes the retail prices of 754 brand-name, generic and specialty medicines.

AARP's most recent Rx Price Watch report found that in 2017, retail prices for widely used brand-name medicines increased an average of 8.4 percent, and charges for commonly used specialty drugs increased by 7 percent.

Specialty drugs are high-cost medicines, usually injected and often needed to treat serious illnesses such as cancer. The large increases in those two categories of drugs combined more than offset the 9.3 percent decrease for widely used generic medications in 2017, the new report found. Overall, the average annual increase in retail prices was 4.2 percent - twice the 2.1 percent general rate of inflation that year.

"The price of prescription drugs is more than the average Social Security retirement benefit and is approaching the median income for a Medicare beneficiary," said Leigh Purvis, AARP director of health services research. "These drug prices are encroaching on what some people make in a year and there's no way to say that's affordable." The report also said that if these price trends continue, "older Americans will be unable to afford the prescription drugs that they need, leading to poorer health outcomes and higher health care costs in the future."

Read more here. Read AARP's statement on the U.S. House's prescription drug bill here.

Get Ready for Medicare Open Enrollment

It's time for retired educators to get ready for Medicare open enrollment. Starting October 15th, there are 54 days to assess current coverage and make any needed changes for 2020. The last day to make changes is December 7th.

During open enrollment, retirees can decide whether to switch from original Medicare to a Medicare Advantage (MA) plan or shift from an MA plan to original Medicare. Retirees also can select a new MA plan and can decide whether to enroll in a Part D prescription drug plan or change plans if you already get your drugs through a Part D policy.
Experts say it is prudent to pay attention to all of Medicare’s parts: Part A covers hospital and hospice care and some skilled nursing services after a hospital stay. Part B includes doctor visits and other outpatient services. Part C is Medicare Advantage, which is a combination of parts A and B and usually Part D, which helps pay for prescription drugs.

Medicare experts also say the most important thing is not to ignore the open enrollment period.

"People tend not to review their options each year because it's a lot of work," says Tricia Neuman, a senior vice president and director of Medicare policy at the nonpartisan Kaiser Family Foundation. But making the effort will be worth it.

Neuman has some advice about how to proceed: Don't just look at a plan's premiums. That's the easy part. And they aren't the best gauge of what your total out-of-pocket costs will be during the year.

For the first time in a decade, the Centers for Medicare and Medicare Services (CMS) has given its plan-finder website a makeover. There’s a new medicare.gov home page, which will guide you to your enrollment journey. There are fewer clicks to find information, easier comparisons between original Medicare and MA plans, and more complete information about the differences among Part D choices. The site also includes a cost calculator.

Read more here.

**New Research Finds Growing Economic Inequality**

A new research brief finds that financial asset inequality among Americans continues to increase, and the inequality is consistent across generations. This wealth inequality, combined with dangerously low retirement savings among most households, poses a significant threat to retirement for working Americans.

These findings are detailed in a new research brief from the National Institute on Retirement Security, *Financial Asset Inequality and Its Implications for Retirement Security*, available here.

The new analysis indicates that from 2004 to 2016, the share of financial assets owned by the top 25 percent of Boomer households grew from 86 percent to 91 percent. Meanwhile, the share of assets owned by the bottom 50 percent of Boomer households shrank from three percent in 2004 to below two percent in 2016.

Among GenX households, the wealthiest top 25 percent owned 87 percent of financial assets in 2016. Millennials in 2016 reached a comparable degree of financial asset concentration, with 85 percent of financial assets owned by the wealthiest 25 percent.

"There’s strong evidence that financial asset inequality will continue to grow worse in the coming decades," said Nari Rhee, director of the Retirement Security Program at UC Berkeley Center for Labor Research and Education and report co-author. "Financial asset concentration among the wealthiest GenX households is growing at least as fast as it did among Boomers. And Millennials seem to have achieved comparable degree of financial asset concentration at much younger ages than GenXers and Boomers," she explained.
We hope you will share this report with your network of retired educators given that financial security remains an ongoing issue among active and retired education professionals.

**Fall Means Flu Shots**

Health officials say now is the time to get your seasonal flu shot - ideally by the end of October, when flu activity typically begins to climb in the United States.

Experts say that older adults lead the way when it comes to getting the flu shot. An estimated 68 percent of those 65 and older rolled up their sleeves last season, compared with 39 percent of adults ages 18 to 64, according to the Centers for Disease Control and Prevention (CDC).

The agency's findings mirror the results of a recent AARP survey of more than 1,800 adults age 45 and up, which found that respondents 70 and older were significantly more likely to have received the vaccine than those in their late 40s or 50s.

But, experts noted, there's still room for improvement for people in all age groups. The vaccination rate for those 65 and older, for example, has hit a "plateau" in recent years. That's a worrisome trend given that those 65 and up account for 90 percent of flu-related deaths and 50 to 70 percent of hospitalizations, according to the CDC.

Read more [here](#).

**Questions?**

As always, the NRTA Team is available to answer your questions or provide counsel on issues. Below is our contact information:

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We thank you for the opportunity to collaborate with you and your members!