

RPEA

AUGUST 2025

CALIFORNIA'S MAGAZINE FOR RETIRED PUBLIC EMPLOYEES



Edward Siedle
Attorney-at-Law
Bestselling Author of
"Who Stole My Pension?"

Bring On The Pension Warrior!



INSIDE THIS ISSUE...

Who is "Pension Warrior" Edward Siedle & why does RPEA want him to investigate CalPERS?

Pet photo contest winners!

CalPERS is bleeding money on Wall Street

Get ready to gasp at the 2026 health plan rates



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The views and opinions in the articles published in the RPEA Magazine are those of the individual authors and do not necessarily reflect the official policy or position of the Retired Public Employees' Association of California.

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Margaret Brown
RPEA State President

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We are dedicated to being lifelong advocates for retirees, providing information that educates, informs, and empowers retirees to improve their lives.

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PRESIDENT'S MESSAGE



Help make RPEA's GoFundMe effort a reality for investigating CalPERS serious management and investment concerns

Dear Members,

On July 1, Pulitzer Prize-winning journalist Gretchen Morgenson revealed on NBC that RPEA was launching an investigation into CalPERS, the nation's largest public employee retirement system. CalPERS plays a vital role in the financial security of millions of retirees, but its long-term stability is under threat.

Among the most pressing issues: CalPERS is facing underfunded liabilities estimated at \$150 billion. This gap jeopardizes the fund's future and could have devastating consequences for California's public employees. Additionally, there are concerns about volatile funding levels tied to fluctuating investment performance, rising contribution rates from state and local governments, and high fees linked to private equity investments, whose returns have not consistently outperformed basic index funds.

Before taking on the role of RPEA president, I served on the CalPERS Board from 2018 to 2022. During that time, I witnessed firsthand the management and investment concerns that have compounded these financial challenges. A judge recently ruled that the CalPERS Board violated the open meetings law by excluding the public from a discussion about the departure of a former Chief Investment Officer. This is just one example of the growing lack of transparency at CalPERS. As a result, RPEA frequently hears complaints from the public about difficulties accessing crucial information.

Attempts to address these concerns through traditional channels have been largely unsuccessful. We requested a Joint Legislative Audit of the \$530 billion pension system and made two legislative attempts to establish an independent Inspector General, ensuring proper oversight and providing a safe channel for whistleblowers to report internal issues. These efforts failed, which is why RPEA decided to take a more direct approach.

The GoFundMe effort RPEA launched is to fund an investigation of CalPERS by forensic pension investigator Edward Siedle. Siedle has previously worked with other public pension systems, including the Minnesota Teachers Retirement Association.

The secrecy surrounding CalPERS' private equity investments is a major concern that merits members' attention. It is unclear how much CalPERS is paying in fees to managers of private equity, and whether those investments are yielding the promised returns. A growing body of evidence suggests that private equity has underperformed public stocks, yet CalPERS remains heavily invested in it. This underperformance is directly contributing to the system's underfunding.

promote greater transparency, oversight, and long-term security for public retirees everywhere. Most importantly, it protects your pension.

One of the critical issues we're pushing for is a thorough investigation by the SEC into the private-equity industry. For too long, private-equity funds have operated in the shadows burdening investors with hidden fees, aggressive debt strategies, and opaque valuation practices. These risks are especially concerning for public pension systems that rely on long-term, stable returns. But the danger is growing. Private equity is now expanding into 401(k) retirement plans, putting the hard-earned savings of millions of workers at stake. Without stronger oversight and transparency, the financial security of both current public employees and retirees, as well as future generations, is at serious risk.

CalPERS is facing underfunded liabilities estimated at \$150 billion. This gap jeopardizes the fund's future and could have devastating consequences . . .

This secrecy is compounded by a history of CalPERS scandals. Former CalPERS CEO Fred Buenrostro served prison time in 2016 for accepting bribes, and current CEO Marcie Frost faced allegations of falsifying her educational background. Despite calls for an investigation, those requests were blocked, and Frost's past misstatements, including a false resume to the Governor of Washington, were largely ignored. Ironically, CalPERS' Chief Financial Officer, Charles Asubonten, was dismissed in 2018 for similar resume misrepresentations.

Protecting pension systems should be a national priority, and RPEA will continue to fight for better oversight and transparency, both in California and across the country. Mismanagement, secrecy, scandals and our underfunded pension system demand this investigation, but we can't do it without your donations to this GoFundMe effort.

The most recent scandal occurred in 2023, when CalPERS agreed to pay \$800 million to settle claims that it misled retirees about long-term care insurance costs. While this is only one example, it highlights a disturbing pattern of mismanagement and dishonesty.



Margaret Brown
State President



Scan this QR code with your cellphone and be directed to the CalPERS Investigation GoFundME web site



RPEA's investigation into CalPERS is just the first step in a broader effort to hold pension funds accountable. Our GoFundMe campaign supports this investigation, with the goal of driving reforms that can benefit pension systems nationwide. Your donation will help

Donations can be made directly to RPEA at
300 T Street, Sacramento, CA 95811
Attn: CalPERS Investigation

WHO IS "PENSION WARRIOR"

EDWARD SIEDLE

AND WHY DOES RPEA WANT HIM TO INVESTIGATE CALPERS?



Edward Siedle is an American attorney, investment banking and securities industry professional, and long-time Forbes writer who represents a select number of whistleblowers reporting violations of the federal security laws to the US Securities and Exchange Commission, Commodity Futures Trading Commission and other federal and state agencies.

In 2018, Ed secured the largest CFTC whistleblower award in history - \$30 million and in 2017, he secured the largest SEC whistleblower award - \$48 million - both related to a \$360 million JP Morgan Chase settlement, that charged the bank with failing to disclose certain conflicts of interest to some of its wealth management clients. In 2016, he obtained the first whistleblower award from the State of Indiana on behalf of a client.

Ed was named one of the 40 most influential people in the US pension debate by Institutional Investor magazine for 2014 and 2015. He and Rich Dad, Poor Dad author Robert Kiyosaki, coauthored *Who Stole My Pension? How You Can Stop the Looting*. Most recently, he authored *How to Steal a Lot of Money – Legally*, which offers an engaging approach to teaching financial literacy.

Ed knows what it's like to be a whistleblower because he was a successful whistleblower himself. Early in his legal career, after leaving the SEC's Division of Investment Management and becoming

Director of Compliance-Legal Counsel of a major mutual fund complex, he was the original mutual fund whistleblower in 1988.

Ed is also the nation's leading expert in forensic investigations of money managers and pensions, focusing upon excessive and hidden investment fees and risks, conflicts of interest, and wrongdoing. He has investigated well over \$1 trillion in retirement plans. Prior investigations include the state of Ohio, the state of Rhode Island, the state of North Carolina, the Alabama State Employees' Pension, Walmart, Cities of Nashville, Chattanooga and Jacksonville, Towns of Jupiter and Longboat Key, Caterpillar, Boeing, Northrop Grumman, John Deere, Bechtel, ABB, Edison, Shelby County, Tennessee, Fidelity Investments, JP Morgan, Sanford Bernstein, Banco Santander, U.S. Airways Pilots' Pension and New York State Teamsters' Pension.

Siedle will do a superb job investigating CalPERS, which is critical for ensuring that your pensions are safe and sustainable. To have this investigation requires donations for RPEA's GoFundMe effort. Here's the link for that: <https://www.gofundme.com/f/uncover-the-truth-fund-the-calpers-investigation> or use the QR code to access it. Donations can be mailed directly to RPEA - Attn: CalPERS Investigation 300 T Street, Sacramento, CA 95811.

UNCOVER THE TRUTH!

gofundme™



CalPERS Investigation

The Retired Public Employees' Association of California (RPEA) has long urged the Legislature to audit CalPERS and establish an independent Inspector General. With no action taken, we are now calling on public employees, retirees, employers, and taxpayers to help fund an independent investigation.

www.rpea.com

You can also mail your donation to RPEA Headquarters
Attn: CalPERS investigation
300 T Street, Sacramento, CA 95811

Fund the CalPERS Investigation



CALPERS IS BLEEDING MONEY TO THE WORST ACTORS ON WALL STREET. WHERE IS GOVERNOR NEWSOM?

By David Soares | Guest Contributor

California Governor Gavin Newsom wants to be the next President of the United States. In order to make his case he's been speaking out on issues of national importance — but other than a spat about “return to work” orders he has had little to say about CalPERS.

We certainly have seen major impacts on CalPERS from the policies of the new White House administration. As CalMatters reported in May, CalPERS lost about \$25 billion in total value after tariff “Liberation Day” on April 2, swinging between a low valuation of \$508 billion on April 7, 2025, to a stated value of \$556.2 billion on June 30, 2025. However, any RPEA member who has been following the past decade of controversies at CalPERS should question whether Mr. Newsom has the sort of integrity he purports to possess, when he has been notably silent about the many controversies at CalPERS — all of them while on his watch as Governor and Lieutenant Governor.

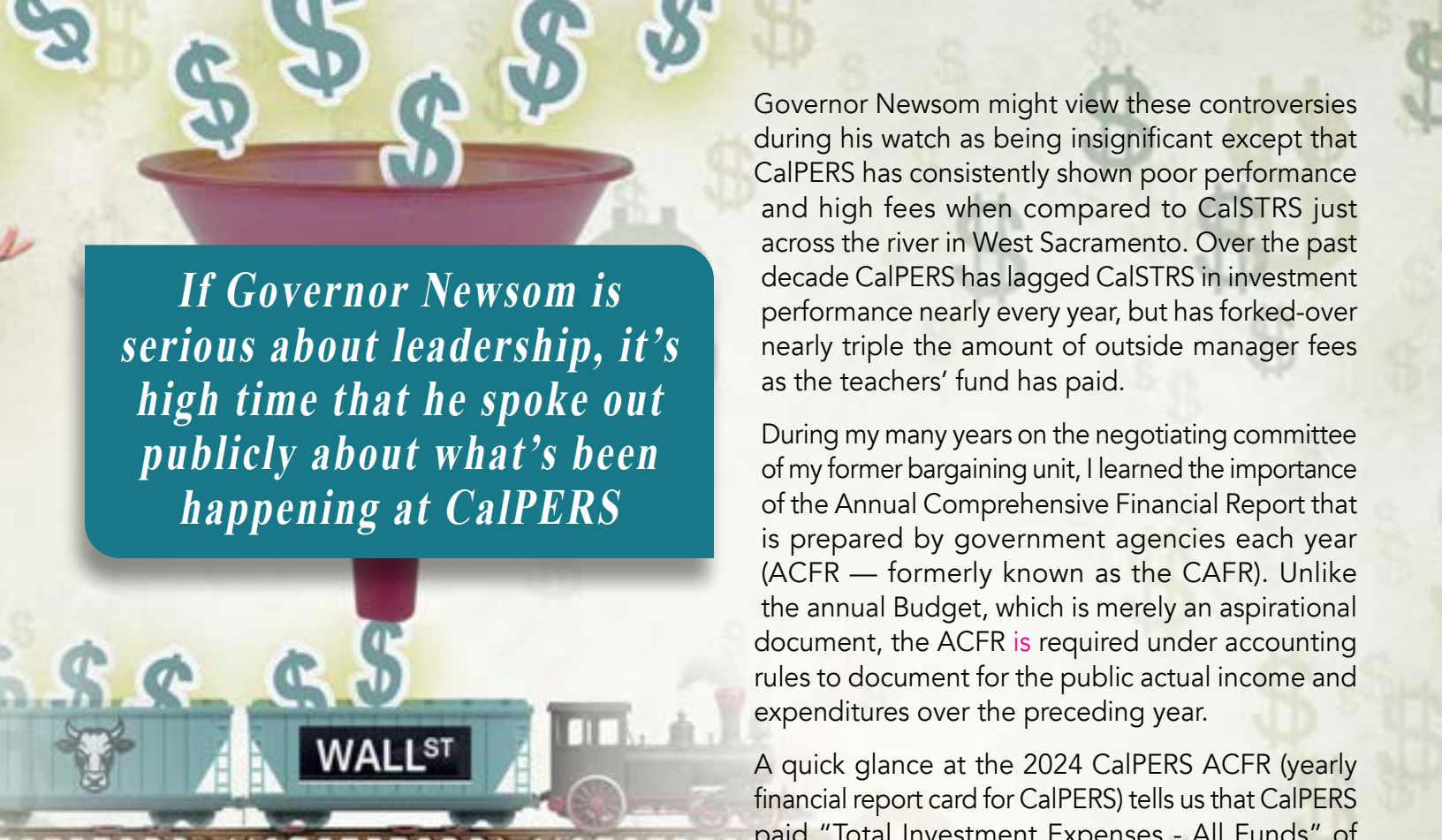
My own concerns about the stability of our CalPERS pensions began with the 2016 sentencing of former Chief Executive Officer Fred Buenrostro to 4 years and 6 months in federal prison for defrauding the fund. The former CEO admitted accepting kick-backs from former Board member Al Villalobos, acting as a “placement agent” for private equity giant Apollo Global Management — the same Apollo whose CEO and founder resigned in 2021 when it was revealed that he was funding child sex-trafficker Jeffrey Epstein after his conviction for child sex-trafficking. CalPERS still reports paying Apollo about \$17.5 million in fees and “carried interest” for the current year. Villalobos committed suicide in 2015 while under federal indictment.

In 2018, the CalPERS Board failed to publicly investigate how then-Chief Financial Officer Charles Asubonten had been hired based on a fraudulent resume, and was only terminated after CEO Marcie Frost attempted to defend him in a series of embarrassing stories in the Los Angeles Times newspaper.

In 2018, the CalPERS Board ignored then-State Treasurer John Chiang's demand for an investigation into why Chief Executive Officer Marcie Frost had been represented for several years by CalPERS as pursuing a bachelor's and master's degrees from the Evergreen State College in Washington, when in fact she has never been admitted to a college-degree program and Evergreen offers no such degree.

In 2019, the CalPERS Board cut its number of public and committee meetings by half from previous years, making meaningful review of staff processes all but impossible. The Board has severely limited public comment to a mere three minutes per speaker per agenda item.



An illustration at the top of the page shows a purple funnel pouring green dollar signs into a green train car labeled 'WALL ST'. The train is on a track, and there are more dollar signs floating in the air around it. The background is a light green color with faint dollar signs.

If Governor Newsom is serious about leadership, it's high time that he spoke out publicly about what's been happening at CalPERS

In 2020, the CalPERS Board failed to conduct a public investigation of then-Chief Investment Officer Yu "Ben" Meng's conflicts of interest by personally holding private equity shares required to be divested pursuant to the Political Reform Act of 1974, after staff hid multiple FPPC Form 700 filings. The Board only acted when those conflicts were the subject of media scrutiny triggering an investigation by the FPPC — and Meng's sudden resignation.

In 2022, the Alameda County Superior Court found CalPERS to be in violation of the Bagley-Keene Open Meetings law, when they hid in closed session a report by FPPC lawyer Lance Olson on the cover-up of Meng's conflicts of interest by CEO Marcie Frost and General Counsel Matt Jacobs, which is still being withheld.

In 2023, Meng's eventual replacement as Chief Investment Officer, Nicole Musicco, suddenly resigned "to attend to her family" after only about 18 months on the job, when it was revealed in the media that she was acquiring wildly inappropriate investments in sports teams while accepting court-side seats at playoff games of the NBA Sacramento Kings.

Governor Newsom might view these controversies during his watch as being insignificant except that CalPERS has consistently shown poor performance and high fees when compared to CalSTRS just across the river in West Sacramento. Over the past decade CalPERS has lagged CalSTRS in investment performance nearly every year, but has forked-over nearly triple the amount of outside manager fees as the teachers' fund has paid.

During my many years on the negotiating committee of my former bargaining unit, I learned the importance of the Annual Comprehensive Financial Report that is prepared by government agencies each year (ACFR — formerly known as the CAFR). Unlike the annual Budget, which is merely an aspirational document, the ACFR is required under accounting rules to document for the public actual income and expenditures over the preceding year.

A quick glance at the 2024 CalPERS ACFR (yearly financial report card for CalPERS) tells us that CalPERS paid "Total Investment Expenses - All Funds" of \$1.665 billion against a net value of \$506 billion — or about 3.3 percent of Assets Under Management (AUM). The CalSTRS State Teachers trust fund's 2024 ACFR reports "Total Investment Expenses" of \$435 million against a net position of \$343.5 billion — or about 1.2 percent of Assets Under Management.

The lion's share of the fees paid by CalPERS were gifted to outside managers in private equity and real estate. Private equity and real estate are considered by financial analysts to be the riskiest investment strategies, as well as the costliest in terms of fees. Private equity is simply a re-branding of the Asset-Stripping/Leveraged Buy-Out model that contributed to the collapse of American manufacturing employment since the mid-eighties. The 2024 CalPERS ACFR shows that private-equity manager fees rose to \$569 million and private equity "Performance Fees" (AKA "Carried Interest") was \$314 million. The 2024 ACFR reports an additional \$1.1 billion in real asset manager and performance fees, and \$11 million in "Other Investment Management Fees." Nice work if you can get it, especially when CalPERS already reports spending \$767 million on internal administrative expenses and investment staff.

(Continued on next page)

Cont'd - CalPERS is Bleeding Money

If CalPERS limited its outside manager fees to the same 1.2 percent of Assets Under Management that CalSTRS does, it would amount to a savings of over a billion dollars a year that could have been put to work growing the Public Employees Retirement Fund. This lost opportunity likely cost the fund assets and income of \$20 billion with interest over the past decade.

If Governor Newsom is serious about leadership, it's high time that he spoke out publicly about what's been happening at CalPERS. It's high time that he used his bully pulpit and his influence over the CalPERS Board of Administration:

— To encourage the replacement of CEO Marcie Frost with a leader possessing the qualifications and experience in public finance to be trusted to effectively manage and grow our trust fund instead of deflecting criticism with hollow misdirection.

— To encourage the hiring of a General Counsel to replace retiring white-collar criminal defense attorney Matt Jacobs with a lawyer possessing the qualifications and experience to guide the CEO and Board as ethical investors instead of running a cover-up of past problems.

Or will Newsom duck the problems at CalPERS to the bitter end in the same way that he tried to dodge the issue of President Biden's cognitive decline?

We're waiting for you, Governor Newsom.

.....

David Soares retired at the end of 2016 after serving for 32 years as a deputy county prosecutor in Silicon Valley. He is a former RPEA Legislative Committee and Board member. He currently resides on San Juan Island, Washington.



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Paid for by Dom Bei for CalPERS Board 2025 ID#1479362



Jose Luis Pacheco for **CalPERS 2025**

PRIORITIES

- ✓ Protect the benefits that our 2.3 million members have earned through their service to California
- ✓ Strengthen the CalPERS system to provide for members' retirement security and healthcare needs
- ✓ Stand up to political pressure to protect members' data privacy and do what is right for the future

Managing your future, so you can focus on living it.

JOSE LUIS PACHECO
FOR CALPERS, 2025

PAID FOR BY PACHECO FOR CALPERS BOARD 2025 PPK ID #147941



EFFORT TO BRING CALPERS UNDER INDEPENDENT SCRUTINY

By Al Darby | Vice President

On June 30, 2025, RPEA launched a GoFundMe effort to fund an investigation of CalPERS' investment shortcomings, top-manager hiring debacles and the heavy outside investment manager contingent. These caused serious under-performance of the pension fund and unnecessary costly administration. Whatever the GoFundMe campaign results, the investigation will go forward under the guidance of Ed Siedle, a veteran public pension auditor.

This effort comes after failed legislative attempts to establish an Inspector General position providing oversight for CalPERS and a failed auditor attempt by the State Auditor.

Prudent investing over the past ten years should have produced the average 7% annual return generated by all other US public pension funds. CalPERS only produced 6.2% annually over a ten-year period which explains its current 75% funded status - a long way from the 100% funded status last seen 18 years ago. An underfunded pension system is dangerous. It puts a strain on public services, can force government to raise taxes, reduces creditworthiness, increases reliance on risky investments, and is a threat to financial stability for some governmental entities.

While CalPERS sought investments in private equity (PE) in earnest over the past ten years, 'the bloom was rapidly leaving the PE rose' during this period. CalPERS refused recognizing this despite many financial publications and institutions clearly illuminating PE's prevalent shortcomings.

Repeated concerns from the public, CalPERS member groups, and expert commentators opposing CalPERS' PE proposals were largely unheeded, this despite a flood of information and stories about pension funds recognizing PE's fall from favor, due to increasing discount selling of assets, concerns around asset illiquidity, high

general partner fees, and poor ROI - return on investment.

Being with an organization for a long time provides awareness of past events and their significance in the current environment. When it comes to CalPERS investment practices, I recall the ten-year prediction that Wilshire Consultants made circa 2016, that CalPERS investment policy could produce only 6.2% annual ROI over the next ten years. It appears that prediction was accurate. CalPERS did little to alter that outcome in favor of the much better ROI that other public pension funds proved was achievable. All other public pension funds managed to produce an average 7% annual ROI.

Had CalPERS not pursued PE so aggressively, investment in equities and alternative options would have contributed to a better funded status. With the big gains in the major stock indexes these past several years means that prudent investing in those stocks would have made CalPERS better funded than it is today.

Now for a change in topic. I want to illuminate some RPEA enhancements initiated by RPEA President Margaret Brown, the RPEA Board, Area Directors, chapters and staff. The most noticeable is our bimonthly news magazine with its expanded content and dramatically upgraded graphics. Artful postcards now go out about chapter meetings and similar postcards inform our membership about RPEA webinars and other upcoming events.

Special letters addressing membership renewal have been successful, and so has a sophisticated, targeted, direct-mail recruitment effort sent to CalPERS retirees. New staff hires show promise for improving RPEA office functions and member relations in general. All of this reflects the importance of our members.

CALPERS APPROVES 2026 HEALTH PLAN RATES: OPEN ENROLLMENT STARTS MID-SEPTEMBER

J.J. Jelincic | Director of Health Benefits

At the July CalPERS Board of Administration meeting in Monterey, the Board approved the 2026 rates for medical plans for employers participating in the CalPERS health program.

Open enrollment - which allows you to change your health plan - starts September 15 and continues through October 10. The following table shows the new rates which take effect January 1, 2026.

Medicare Plans Effective: January 1, 2026	2026			% Change 2025-2026
	Single	2-Party	Family	
Medicare Advantage				
Anthem Medicare Preferred PPO	\$572	\$1143	\$1715	17.3%
Blue Shield Medicare PPO (Nationwide)	\$539	\$1079	\$1618	20.3%
Kaiser Permanente Senior Advantage	\$357	\$714	\$1070	4.0%
Kaiser Permanente Senior Advantage Out of State	\$350	\$700	\$1050	4.0%
Kaiser Permanente Senior Advantage Summit	\$426	\$853	\$1279	4.4%
Kaiser Permanente Senior Advantage Summit Out of State	\$420	\$839	\$1259	4.4%
Sharp Direct Advantage HMO	\$291	\$583	\$874	7.0%
UnitedHealthcare Group Medicare Advantage PPO (Nationwide)	\$481	\$963	\$1444	8.8%
Medicare Advantage Weighted Average				7.1%
Medicare Supplement				
PERS Gold Medicare Supplement	\$598	\$1195	\$1793	9.4%
PERS Platinum Medicare Supplement (Nationwide)	\$666	\$1331	\$1997	13.8%
Medicare Supplement Weighted Average				13.7%
Total Medicare Weighted Average				10.8%
Total Overall Weighted Average				8.2%



CalPERS

*Open enrollment -
which allows you to change
your health plan - starts
September 15 and continues
through October 10.*



Both RPEA and the California State Retirees lamented the ever-increasing cost of premiums, and the Sacramento Bee referenced my feeling on this: “The rates are too high,” I stated. “Rates increasing at three times the rate of inflation are not something to brag about.”

The Board continued its practice of encouraging members to pick high-cost, low efficiency plans by offering subsidies and punishing member for picking low-cost, high efficiency plans by hitting them with surcharges. Members who select Access+ will receive a subsidy of \$120.51 per member per month (PMPM). If a member chooses Heath Net Salud y Mas they will pay an extra \$160.79 PMPM surcharge. People who chose PERS Platinum will receive a \$347.07 PMPM subsidy, while people choosing the lower benefit PERS Gold will pay a \$15.64 PMPM surcharge.

As cost control measures, Blue Shield Trio withdrew from Monterey County, and UnitedHealthcare Harmony delayed its expansion into El Dorado, Nevada, Placer and San Joaquin counties.

Medicare Advantage plans increased on average 7.1%, while the Medicare supplemental plans increased 13.68%. The weighted average for all Medicare plans increased 10.78%

PHARMACY BENEFITS MANAGER (PBM) CHANGE

The Board also agreed to drop OptumRx as the Pharmacy Benefits Manager (PBM) and replace it with CVS Caremark. CVS will cover pharmacy for the PPOs and most of the HMOs. Blue Shield and Kaiser are fully insured and will continue to manage their own pharmacies. The Board believes

that CVS will offer better pricing and substantially bigger rebates.

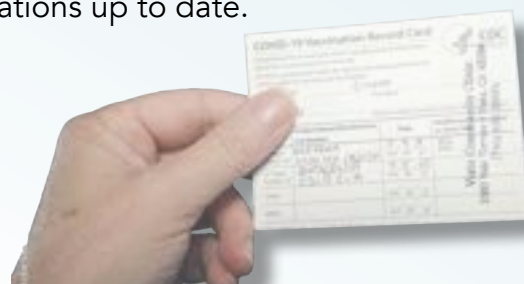
There will be some disruption caused by the changes to a tighter formulary. The CalPERS staff estimates that 15% of Medicare participants and 5% of basic members will need to change medications or pay higher costs.

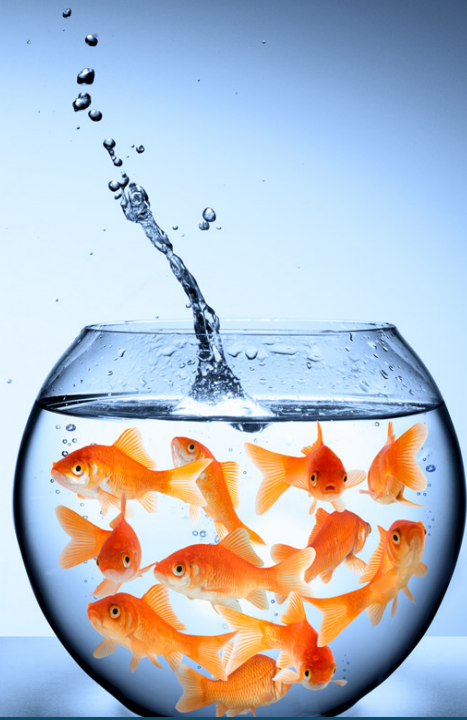
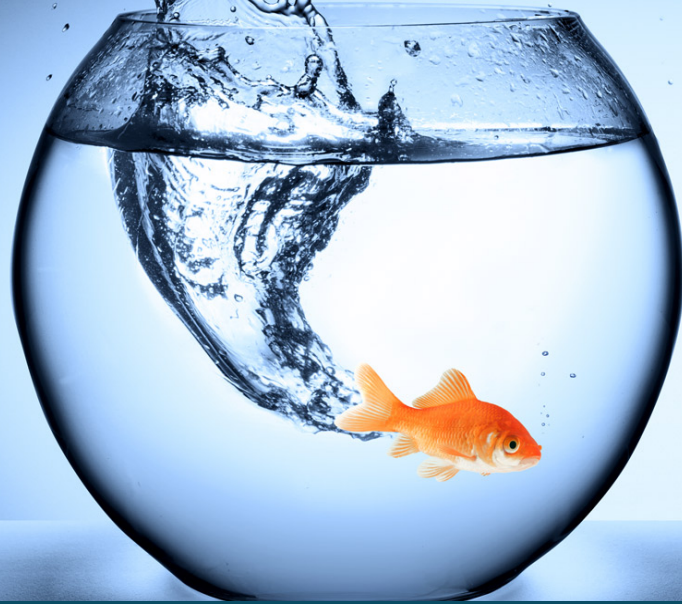
SUMMER COVID SURGE

California is seeing a surge in COVID cases this summer. No one can say exactly why.

COVID has developed a dual seasonality, peaking in both the winter, like the flu, and the summer. By mid-to-late summer, many people’s immunity—either from their last vaccination in the fall or from a previous infection—has waned considerably. In addition, emergence of more transmissible variants makes the chance of infection more likely. Summer temperatures may play a role. With the windows closed to keep the cool air inside, we restrict ventilation and air circulation that has shown to reduce virus spread. Even travel could contribute, people may be more likely to write off mild symptoms as simply the result of jet lag, not illness. Tiredness, headache, or a sore throat—all common after a long flight—are also symptoms of COVID, and without testing to be sure, a traveler may unknowingly expose others.

So, nobody knows but be careful. Test if you think you may have been exposed. Keep your vaccinations up to date.





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Retired Public Employees' Association of
California



AMBA

BEI AND PACHEGO ENDORSED BY RETIREES FOR UPCOMING CALPERS BOARD ELECTIONS



Dominick Bei: A Proven Advocate for Public Servants

Dominick “Dom” Bei brings deep experience, dedication, and vision to the CalPERS Board. A 16-year veteran and current Fire Captain with the Santa Monica Fire Department, Bei has led deployments across California’s largest wildfires including the Thomas and Mendocino Complex fires—as a CICC-certified Engine Boss. He also formerly served as president of Santa Monica Firefighters Local 1109 and today leads the Santa Monica Firefighters Relief Fund, supporting families affected by tragedy.

Bei’s career in public service is matched by a demonstrated talent for financial stewardship. In 2018, he was appointed to Santa Monica’s Pension Advisory Committee, where he helped shape sustainable local pension strategy.

After going through a rigorous review process, the two largest CalPERS retiree associations - the Retired Public Employees’ Association (RPEA) and the California State Retirees (CSR) - have officially endorsed Dominick Bei for Board Seat A.

RPEA’s President Margaret Brown stated: “Dominick Bei has the courage and integrity CalPERS needs right now. He understands what’s at stake and will be a fierce advocate for protecting our pensions and healthcare. RPEA is proud to support him.” CSR’s President Joe Reynoso feels the same. “Dominick Bei ... share[s] our commitment to protecting retiree pensions, strengthening our healthcare, and holding CalPERS leadership accountable”.

With over two million active and retired members relying on CalPERS for pensions, health benefits,



DOMINICK BEI

and investment growth, the stakes couldn’t be higher. Bei’s real-world experience and effective stewardship align directly with these core member concerns: safeguarding retirement security, stabilizing health premiums, and strengthening investment strategy.

Ballots for selecting CalPERS Board members will be mailed on August 29 and votes must be received by September 29. On January 16, 2026, the newly elected Board starts its four-year term. All active and retired CalPERS members are eligible to vote. Endorsements from RPEA, CSR and among public safety and union leaders, Bei stands out as a unifying candidate ready to protect your pensions and health benefits.

Jose Luis Pacheco: Support His Re-Election to the CalPERS Board

Retirees and active employees across California are urged to re-elect Jose Luis Pacheco to the CalPERS Board of Administration. Pacheco, a long-time advocate for workers and a union leader, is running for another term to ensure CalPERS continues to serve the best interests of retirees, active employees, and beneficiaries.

Two of the most influential retiree organizations—the Retired Public Employees' Association of California (RPEA) and California State Retirees (CSR)—have formally endorsed Pacheco, citing his commitment to transparency, accountability, and retiree protections.

“Jose Luis Pacheco has earned the trust of our members by standing up for retirees and demanding oversight of private equity and investment decisions,” said Margaret Brown, State President of RPEA. “He is one of the few voices on the Board who is not afraid to ask tough questions, and that’s exactly what we need.”



JOSE LUIS PACHECO

Joe Reynoso, President of CSR, echoed that sentiment: “We support Jose Luis Pacheco because he understands the responsibility CalPERS has to deliver secure pensions and affordable health care. He’s not a rubber stamp—he’s an advocate.”

During his term, Pacheco has pushed for improved investment oversight, fought for more transparency in rate-setting, and consistently voted to protect earned benefits.

With growing concerns over CalPERS’ investment strategies and rising retiree health costs,

Pacheco’s re-election is seen as essential by many who rely on their pensions to retire with dignity.

The bright blue CalPERS ballots will be mailed to all members on August 29th. Retirees are encouraged to vote for Jose Luis Pacheco and keep an experienced, independent voice on the CalPERS Board.



LEGISLATURE FINALIZES 2025–26 BUDGET WITH KEY INVESTMENTS FOR RETIREES

By Pat Moran, RPEA Lobbyist, Aaron Reed & Associates

On Tuesday, June 24, Governor Gavin Newsom and state lawmakers reached a final agreement on California's \$321.1 billion budget for the 2025–26 fiscal year, which includes \$228.4 billion from the General Fund. The Legislature is expected to approve the main budget bill and accompanying trailer bills during floor votes on Friday, June 27, and Monday, June 30—meeting the June 30 constitutional deadline for the Governor's signature.

To close a multibillion-dollar deficit, the budget draws \$11.2 billion from the state's Rainy Day Fund and uses an additional \$4.5 billion from other reserves. Despite the fiscal challenges, the budget protects core priorities and maintains funding for critical state obligations.

SUPPORT FOR RETIREES

Governor Newsom attributes the deficit to several factors:

- **\$9 billion** for the state's required annual contribution to CalPERS
- **\$573 million** in supplemental payments to reduce CalPERS' unfunded liabilities
- **\$3 billion** to fully fund health, dental, and vision benefits for retired state employees

BUDGET-DRIVEN MEDICAL CUTS & ROLLBACKS

To balance the budget, the state proposes significant Medi Cal reductions, especially for full-scope coverage of non-citizens:

1. **Enrollment freeze** (all adults 19+, including undocumented):
 - ▶ Goes into effect Jan 1, 2026.
 - ▶ Initial savings: \$86.5 million in 2025–26, ramping to \$3.3 billion by 2028–29



2. **Premiums:**

- ▶ A \$100/month charge for adults 19+ (full-scope, including undocumented), starting Jan 1, 2027, saving ~\$1.1 billion in 2026–27 and \$2.1 billion by 2028–29

3. **Benefit cuts** for the same group:

- ▶ Dental (adults 19+) cut July 1, 2026 (\$308 M+); Long term care cut Jan 1, 2026 (\$333 M)
- ▶ Clinics (FQHC/Rural) shift to fee for service, eliminating PPS payments (save \$452.5 M in '25 26)

4. **Asset tests** reinstated for seniors and disabled adults—limits of \$2,000/\$3,000 curb eligibility, saving \$94 M in '25 26, up to \$791 M ongoing

5. **Drug rebates** and utilization controls:

- ▶ New pharmacy rebates and stricter drug management to save ~\$300 M in '25 26 and \$400 M+ ongoing

6. **GLP 1 drugs** (e.g., Ozempic, Wegovy) eliminated Jan 1, 2026—saving \$85 M in '25 26, rising to \$680 M

(Continued on next page)

Cont'd - Legislature Finalizes Budget

In total, these measures carve out billions in General Fund savings, primarily by rolling back expansions for undocumented and non-federal populations

FEDERAL MEDICAID CUTS THREATEN CALIFORNIA

The federal “Big Beautiful Bill,” signed July 4, slashes \$1 trillion in Medicaid funding over 10 years, further hitting California:

- Estimated **\$28.4 billion loss** in federal Medicaid funds
- Up to **3.4 million Californians** could lose coverage retired state employees

This has already triggered a hiring freeze at L.A. County health services, anticipating \$750 million/year in federal cuts.

California has responded by freezing enrollment for undocumented adults and earmarking state funds, but the loss of federal aid adds pressure on county clinics, hospitals, and Medi Cal services.

SUMMARY: WHAT IT ALL MEANS

- **Spending up:** Medi Cal and health services budget increases continue to reflect high demand and expanded eligibility
- **State offsets:** California’s budget cuts target non-federal beneficiaries—especially undocumented adults—through enrollment freezes, benefit reductions, premiums, and tighter eligibility
- **Federal squeeze:** The \$1 trillion federal Medicaid reduction threatens deeper service cuts and financial strain on local health agencies

Patients, immigrants, and vulnerable communities face growing access challenges. The state legislature must balance maintaining essential coverage with fiscal realities amid a difficult financial landscape.

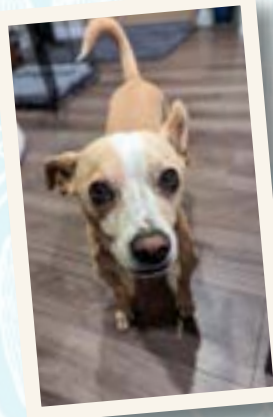
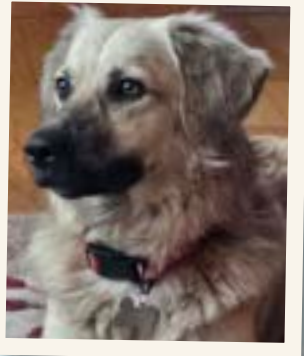
The Legislature will begin its scheduled **Summer Recess on July 18**, returning to session on **August 18**. Lawmakers must complete all remaining legislative business for the year by **September 12**.

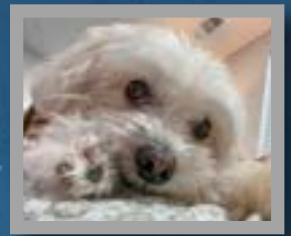
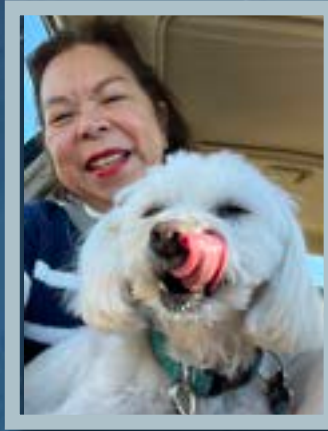
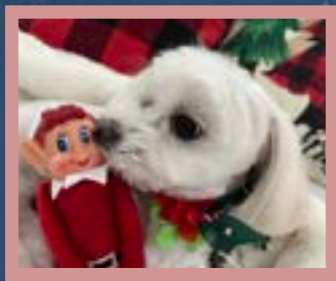
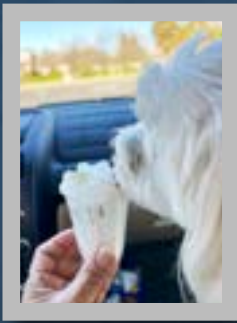


RPEA’S CUTEST PET CONTEST WINNERS ANNOUNCED!

By Margaret Brown | President

We’re excited to announce the winners of RPEA’s Cutest Pet Photo Contest and what a lineup it was!





Covey the Maltese Wins Hearts — AND THE RPEA PET PHOTO CONTEST

Say hello to Covey, the charming six-year-old Maltese whose sweet expression and fluffy white coat won over the RPEA pet photo contest judges. Covey is the beloved companion of Suki LaForge of Esparto, CA, a member of RPEA's Woodland Chapter 43.

Covey joined Suki's family in 2021, during the COVID-19 shutdowns, a time when many people sought comfort and connection by adopting pets. Suki had been searching local shelters for a dog, but options were limited. Then, on PetFinder, she came across a two-year-old Maltese named "Theo" in Gustine, California. Without hesitation, Suki and her husband made the 3.5-hour drive to bring him home, and he's been by her side ever since.

And how did Theo become Covey? Well, let's just say his new name was inspired by the times—adopted during the height of COVID - "Covey" became a playful twist on the pandemic that brought him into Suki's life. It was her way of marking the moment with warmth, humor, and a whole lot of love.

Covey is a true indoor gentleman. He's house-trained, well-mannered, and a total cuddlebug. At night, he snuggles under the covers, nestled between Suki and her husband. During the day, he's never far from Suki's side, loyally following her from room to room, always ready for a lap to nap on or a moment of affection.

"Covey is so friendly," Suki laughs. "My husband says he'd probably welcome burglars and help them carry things out!"

This pampered pup enjoys his regular spa days at Petco and feasts on Taste of the Wild—he has refined tastes and a soft spot for soft blankets.

With his irresistible charm, loyal heart, and pandemic-inspired name, Covey isn't just a beloved companion, he's a symbol of the joy pets bring us during tough times. It's no surprise he earned the title of RPEA's Top Dog.



(Continued on next page)

Meet Curly:

RPEA'S PET PHOTO CONTEST WINNER WITH A CURLED TAIL AND A BOLD HEART

Say hello to Curly, a 14-year-old tabby with a big personality and an even bigger heart. Curly belongs to Jesse Levy of Burbank, California, a long-time RPEA member and active participant in the Burbank Chapter 26, where they meet at Hill Street restaurant.

Curly has been part of Jesse's family since he was a kitten. His adoption story is as memorable as his name. Years ago, Jesse and his first wife had just rescued a dog and felt the pup needed a companion. When a work newsletter advertised a litter of free kittens in Sylmar, the couple decided to take their dog on a little meet-and-greet.

When they arrived, four of the kittens scattered at the sight of the dog. But one tiny male kitten stood his ground and confidently walked right up to his future canine sibling. That fearless little kitten was Curly—and from that moment on, he was part of the family.

As for his name? It came naturally. The bold kitten sported a distinctive curlicue tail, earning him the perfect moniker - Curly.

...and finally, there's the Goat that we named Gabby

The playful pose and quirky charm made her/him an instant standout. But we appear to have misplaced the entry form for this charmer. A little explanation is warranted. To keep judging fair and unbiased, we separated photos from the entry forms, and somehow this loveable goat's entry went missing! We don't know who the goat belongs to ... but we'd love to find out.

If you are the Goat's human (or know who is), please reach out to us! We want to give you and your adorable goat a well-earned spotlight and send along the prizes.



Now a senior cat, Curly remains affectionate, curious, and very photogenic, qualities that helped him win RPEA's pet photo contest. Jesse says Curly brings daily joy and companionship. After purchasing lots and lots of toys, Curly's favorite is a tightly balled-up piece of paper that he swats and chases all around the house.

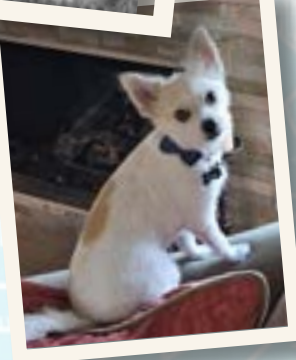
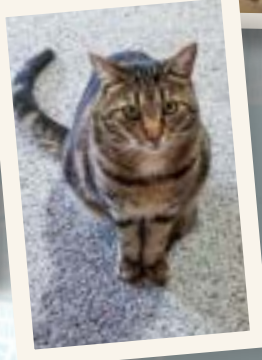
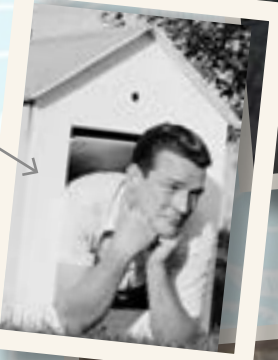
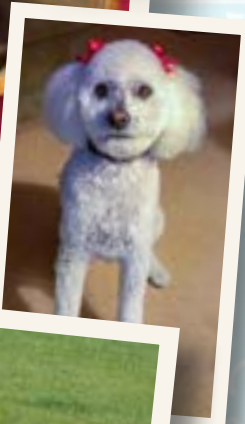
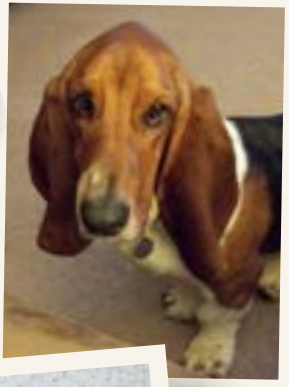
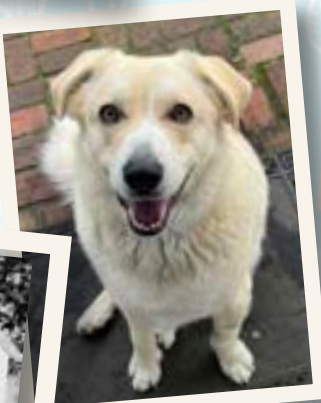
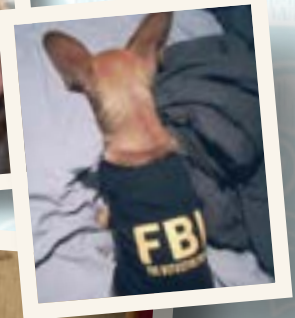
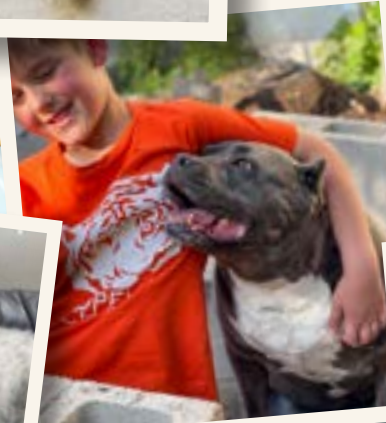
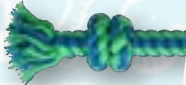
Jesse himself is a dedicated member of RPEA and enjoys attending chapter meetings in Burbank. "They're always interesting and informational," he shares. It's clear that both Jesse and Curly know the value of community, whether it's among fellow retirees or furry family members.



The 1st place winner in each category receives:

- Spa Day for your Pet
- A \$50 gift certificate
- Social Media Engagement
- Recognition on RPEA's website
- Email Announcement
- Magazine Cover Print of your Pet

Thank you to everyone who participated in our contest. There were so many wonderful photos submitted we want to give a few of them extra recognition. The photos, stories, and personalities behind your pets brought lots of joy and smiles to our team and the judges. Stay tuned for more fun contests ahead!



Poor "Butch" has remained in the same dog house since 1962

ATTACK ON HARVARD

FINANCES SPOTLIGHTS NEED FOR INVESTIGATION OF THE PRIVATE-EQUITY INDUSTRY

By Dev Berger | Managing Editor.

The July 1, 2025, Jonathan Weil *Wall Street Journal* (WSJ) article "Private Equity Caught in the Crosshairs of Elize Stefanik's Attack on Harvard" - addresses the real need for the Securities and Exchange Commission (SEC) to investigate private-equity firms versus investigating Harvard's financial disclosures.

Stefanik wrote a letter to SEC Chairman Paul Atkins that much of Harvard's \$53 billion endowment is invested in private-equity funds that "are often overvalued due to reliance on internal estimates and outdated transaction data."

Stefanik also wrote that "the real, realizable value of these assets is likely far below stated values," because of higher interest rates and declining private-market valuations.

What Stefanik didn't address is that Harvard doesn't generate those valuations. As stated in the WSJ article, Harvard "gets them from the external managers at the funds where it invests."

The WSJ article addresses what RPEA and others have been pointing out for a long time related to CalPERS private equity investments, which is that the whole private-equity sector should be investigated. The article notes this is needed more than ever because there's a concentrated effort in Washington "to get private-market funds, like private equity, into Americans' 401(k) retirement plans . . ."

The problem with private-equity valuations is that while they are supposed to mark their investments "at fair market value . . . the holdings tend to be illiquid and hard to value." As a result this makes fair-value measurements "difficult for outsiders to challenge, and easier for managers to hold still."

As a result, when investors need cash, they find they can't sell the holdings at their stated value.

An even bigger problem exists with private equity funds. Investors are allowed to rely on what the fund managers say they are worth. This is known as the NAV or net asset value. The problem erupts when investors are allowed to continue using reported NAV figures when "they know they are out of date or weren't measured properly." Bottom line, "there's no outright prohibition on using the reported NAV even if the investor knows it's completely unreasonable."



RPEA has voiced grave concerns about CalPERS private equity investments mirroring the increasing negative reviews of private equity by financial experts. These include a lack of transparency and disclosure to the public, hidden fees and exaggerated performance figures by private-equity fund managers.

Stefanik's attack on Harvard's financial disclosures could actually be good if it gets the SEC to investigate widespread market abuses associated with the private-equity industry.



Safeguard Your Pension

JOIN RPEA NOW!

Join the Retired Public Employees' Association of California (RPEA) and enjoy the peace of mind that comes from being a part of an organization dedicated to preserving your hard-earned pension, social security, healthcare, and medicare benefits. As a member of RPEA, you'll also gain access to exclusive discounts on benefit programs and supplemental group insurance plans.

Membership is just \$5.00 per month - only \$60 a year!

SIGN UP TODAY TO ENJOY RPEA BENEFITS

Scan the QR code with your Smart Phone to Join Online

or Call RPEA Headquarters (800) 443-7732 to Join by Phone

or Mail application to: **RPEA Membership | 300 T Street | Sacramento, CA 95811**



_____/_____/_____
First Name Middle Initial Last Name Date of Birth

Street Address City State Zip Code

Phone Email

Agency You Retired From (or your Benefactor's agency) Year Retired

I apply for membership in the Retired Public Employees' Association of California (RPEA) and authorize the payment of dues by selecting one option of the following options below:

- Select One Membership Type
- Retiree (CalPERS Annuitant)
 - Beneficiary of a CalPERS Retiree
 - Affiliate (working for a Public Agency)
 - Associate (Supports RPEA)

I authorize RPEA to withhold dues in the amount of \$5 per month from my monthly CalPERS retirement allowance. I understand that dues will be withheld from my retirement allowance until revoked by me in writing.

Social Security Number Signature Date

CREDIT CARD AUTHORIZATION: As payment for the first year's dues, I authorize a \$60.00 charge on my credit card for Retiree, Beneficiary, or RPEA Supporter membership. I authorize a \$30.00 charge for Affiliate membership. I agree to be billed annually for subsequent renewals.

Credit Card Number Exp. Date CWV/CVC

Signature Date Do Not Auto Renew

Enclosed is my check in the amount of \$60 for membership in RPEA. (Membership is \$30 for Affiliate members.)

STRONGER



TOGETHER

LEADERSHIP EMERGING ACROSS RPEA CHAPTERS

By Elena Yuasa
Director of Membership

Fresh Faces, Renewed Energy, and a Commitment to Serve

As we move into 2025, our leadership recruitment and chapter revitalization efforts are paying off. RPEA chapters across the state are growing stronger—thanks to you, our dedicated volunteers, members, and supporters. From packed meetings to successful outreach events, we're proud to share the highlights and momentum building across Chapters 25, 26, 27, 35, 56, 90 and beyond.

Here's those highlights:

CHAPTER 25 (LONG BEACH) – RISING TO THE OCCASION

On April 29, I spoke at Chapter 25's general chapter meeting where I presented membership, headquarter (HQ) updates and addressed questions about the Social Security Fairness Act (H.R. 82). RPEA led advocacy efforts for H.R. 82, which was signed into law on January 5, 2025. The act eliminated the Windfall Elimination Provision (WEP) and the Government Pension Offset (GPO). These reduced or eliminated Social Security benefits for



individuals, who also receive pensions from jobs not covered by Social Security, such as those in public service. The law is retroactive to January 1, 2024, meaning those affected will receive lump-sum payments for the reduced benefits.

At this meeting, I promoted RPEA webinars and encouraged members to check their email communications for news and updates about critical issues facing public employees.

Guest speakers from the Health Insurance Counseling & Advocacy Program (HICAP) program spoke about fraud prevention. HICAP provides free, unbiased counseling and assistance to Medicare beneficiaries and their families. It is administered by the California Department of Aging (CDA), which contracts with local agencies to deliver HICAP services throughout the state. The room was packed with 26 attendees, a clear sign of an engaged chapter.

I met with the chapter's executive committee on June 24, to help with its upcoming July 29 general meeting by providing resources and templates along with coordinated HQ efforts. The chapter's board adopted revised bylaws, booked a guest speaker from the Long Beach Police Department, and explored ways to build community, like birthday recognitions and fun trivia.

CHAPTERS 27 (SAN DIEGO) & 56 (CHULA VISTA) – A REVITALIZATION SUCCESS STORY

At a joint meeting on May 12, the shared efforts for rebuilding leadership in San Diego and Chula Vista bore fruit. Both chapters will launch Refer a Friend programs with gift card rewards, and training

for new leaders begins this July. This revitalization demonstrates the power of persistence, teamwork, and the strength of our mission. Thanks to heartfelt appeals by Norm Llanes and Butch Biendara, along with support from Area 8 Director Estela Merkosky, we inspired members to step up resulting in newly filled roles which appear in the following table:

Chapter 27 San Diego	Chapter 56 Chula Vista
President - Butch Biendara	Secretary - Dianne Rensmore
Vice President - Faye Biendara	Sunshine Chair - Cynthia Keene
Secretary - Terry Carpenter	
Treasurer - Mary Elerding	
President - Butch Biendara	



CHAPTER 35 (VALLEJO) SOLANO COUNTY FAIR – OUTREACH IN ACTION

On a beautiful day at the Solano County Fair, we brought RPEA into the public spotlight. Rachel Maldonado Aziminia masterfully coordinated our booth logistics, and a spinning prize-wheel brought people in droves! Many fairgoers were curious, engaged, and left with pamphlets and an interest in joining—especially after learning about AMBA benefits.

Special thanks to AMBA’s Maria Swanson for her input and kudos to these dedicated volunteers: Greg Marro, Elena Yuasa, Delfina Herrera, Bill Richardson, Carolyn Boyden, Doris Kogo, Lance Houser, Marlies Lenigk, Ron Critchley, Marilyn Hodges, and Angela Montero.

As Director of Membership, watching the dedication and warmth shown by our volunteers is deeply moving. Their commitment shows that even casual conversations at community events can spark powerful relationships and inspire future members.



CHAPTER 90 (WEST COVINA) – HARMONY AND PURPOSE

At the West Covina June 16 meeting, I discussed membership updates and shared information on the RPEA Pet Photo Contest and the Bring a Friend Referral Program. The Hot Topic Quartet treated attendees to a patriotic performance, setting a festive tone.

During a post-meeting, work was done involving leadership and improving retention and outreach efforts. I provided sample welcome letters, renewal reminders, sign-in sheets, and nametag templates. The future looks bright with the 22 in attendance and a potential new member being courted.



Steve Lacey joined us to speak about legislative issues and voiced RPEA’s endorsement of Jose Luis Pacheco and Dominic Bei for the upcoming CalPERS Board election. Ballots will be mailed for this important election on August 29, and your

(Continued on next page)

ballot must be returned by September 29 - either by phone, mail or online. It is important that you vote and these two endorsed candidates have pledged to help with RPEA issues.

CHAPTER 26 (BURBANK) – ENCOURAGING ENGAGEMENT IN BURBANK

I spoke at the Chapter 26 Burbank meeting on June 23, focusing on membership growth and sharing successful strategies for filling vacant leadership roles. Those efforts include participating in community fairs, college outreach, and holding referral contests. One member was excited to share that his cat made it to the final round of the RPEA Pet Contest, a reminder that community and fun go hand-in-hand with advocacy.



After the meeting, I met with Mary Jo Watkins and Sharon Leech, who share a passion for recruiting new members. I offered to help launch new outreach programs or provide recruitment-focused assistance. Chapter 26 is an excellent chapter that champions RPEA's mission and has a spirited vibe.

MEETING CHALLENGES – THE LATEST IS INVESTIGATING CALPERS

From executive board meetings to fairgrounds, RPEA is showing up, supporting members, and standing shoulder-to-shoulder with chapters to ensure their growth and success. We understand the challenges and are here to provide tools, leadership training, outreach ideas, and a helping hand whenever needed.

The newest RPEA challenge is its landmark GoFundMe effort to hire nationally-known, forensic pension investigator Edward Siedle to probe CalPERS. This bold effort was launched on July 1 to look into serious alleged mismanagement, and I

urge members to check out the RPEA GoFundMe website and donate online. If you have questions about this effort or donating, don't hesitate to call RPEA.

Every name badge printed, every pamphlet handed out, and every new leader recruited strengthens RPEA. Let's continue building a resilient, vibrant, and connected organization, one that fights to preserve your pension and benefits.

RPEA LEADERSHIP AT WORK

RPEA leaders attended the CalPERS Board of Administration offsite meeting held in Monterey over a three-day period in July. During the meeting, RPEA representatives provided public comment expressing concerns about Private Equity Investments and continuing losses in Private Equity Emerging Manager programs. Additionally, we raised serious questions regarding the use of pension funds to invest in low-income housing, especially given the increasing uncertainty around continued government support at the federal, state, and local levels and no guarantees that the IRS will continue the tax incentives. We asked the CalPERS Board: How are these prudent investments of retirees' pension dollars?

The three-day meeting concluded with fiduciary training for the CalPERS Board. RPEA leadership was encouraged to hear the Board's fiduciary counsel affirm that their primary responsibility is to ensure the long-term sustainability of the fund for its beneficiaries. We sincerely hope the CalPERS Board remains fully committed to upholding this primary duty.



YOLO COUNTY CHAPTER 043 AND THE WOODLAND SENIOR RESOURCE FAIR

By Loran Vetter

May of each year, Chapter 043, Yolo County holds a meeting that commemorates Memorial Day, the arrival of spring, and preparation for our Woodland Senior Resource Fair.



This year was extra special because Albert Julio Estrada, the brother of our member Ruth Tucker, has come home after being lost 75 years ago during the Korean Conflict. His remains were finally brought back to rest, and the American Legion provided a brief military salute at our meeting that brought tears to our eyes.

We also had Marshall Echols, a wonderful speaker from the Teens Helping Seniors Program. Each summer, groups of teens earn community service credit working with seniors in the area. This program is sponsored by the Woodland Community and Senior Center, and older adults may sign up for assistance between June 9 and August 9, with teen crews available Monday through Thursday to assist them.

Suggested chores for assistance include gardening, painting, window washing, or other types of work around the house. The service is provided free of charge and includes a teen-intern supervising each crew. Last year, a group came to my home to help with window washing.

On May 22, our chapter worked a table at the Woodland Senior Resource Fair, and the chapter has maintained a presence at the Woodland Senior

Resource Fair for over 5 years. Each year, more volunteers work our table interacting with people from our community and sharing information about our chapter and RPEA. We provide a flyer representing the commitment of our members concerning volunteer activities and the value those activities have for the community.

To broaden our outreach this year, we included applications and flyers in Spanish, and we exhausted our supply of these by the end of the three-hour Senior Resource Fair



Who Is Helped And Who Is Hurt By The Big Beautiful Bill?

Sources for this article were CNN and CBS News July 4, 2025 stories along with KFF's July 4 summary



ONE BIG BEAUTIFUL BILL ACT

The Trump Administration's One Big Beautiful Bill Act passed the House with a vote of 218 to 214, while barely squeaking through the Senate by a vote of 51 to 50, requiring Vice President Vance to break the tie.

Health care took a huge hit. According to the nonpartisan Congressional Budget Office (CBO), the bill cuts federal spending on Medicaid and the Affordable Care Act (ACA) marketplaces by around \$1 trillion over a decade, and threatens the physical and financial health of tens of millions of Americans.

CBO also estimates that besides reducing federal support for Medicaid and ACA marketplaces, nearly 12 million more people are left without insurance by 2034.



The impact of the massive health care cuts is expected to undermine the finances of hospitals, nursing homes, and community health centers, forcing them to absorb more of the cost for treating uninsured people. It will also lead to reduced services, reduced employees and very likely result in the closure of numerous facilities, especially in rural areas.

CBS News reported that: "The bill is partially paid for by significant cuts to health care and nutrition

programs, like Medicaid and the Supplemental Nutrition Assistance Program, or SNAP. The CBO estimates the bill would add \$3.4 trillion to federal deficits over the next 10 years and leave millions without health insurance. Republicans and the White House dispute those forecasts."

Many want to know who benefits from this 887-page bill and who does not. Let's start with who stands to benefit from the bill.

Who Is Better Off?

Those benefiting from the bill are corporate America, small businesses and partnerships, high-income Americans, and workers receiving tips and overtime. A summary for each follows:

CORPORATE AMERICA

Corporations are happy because the bill makes the corporate tax breaks from the 2017 Tax Cuts and Jobs Act permanent. This bill extends several provisions of the 2017 tax law, including those related to businesses. Specifically, it solidifies the reduced corporate tax rate and other business-friendly tax cuts.

MANUFACTURERS

The bill makes significant changes in how the American tax code addresses the construction of new manufacturing facilities. They can now fully and immediately deduct the costs related to this. To incentivize chipmaking in the U.S., the bill enhances tax credits for semiconductor firms that build U.S. manufacturing facilities.

SMALL BUSINESSES

The bill primarily helps small businesses by making the 20% small business deduction permanent and



BETTER OFF

increasing the Section 179 expensing cap. It also includes provisions that make the 2017 marginal rate cuts permanent, which benefits pass-through businesses, and increases the small business estate tax exemption.

HIGH-INCOME AMERICANS

The bill temporarily increases the limit on deductible state and local taxes (SALT) from \$10,000 to \$40,000 for households making up to \$500,000 annually, primarily benefiting those in high-tax states. It also permanently reduces the estate tax, with heirs of estates valued at less than \$15 million not having to pay the tax, a significant benefit for wealthy individuals. While the bill doesn't explicitly mention a permanent reduction in the top income tax rate, it does lower taxes for higher earners through various deductions and credits, effectively reducing their tax burden.

WORKERS RECEIVING TIPS & OVERTIME

Certain workers will receive an extra tax break through 2028. Employees working at jobs that traditionally receive tips could deduct up to \$25,000 in tip income from their federal income taxes, while workers who receive overtime could deduct up to \$12,500 of that extra pay. Income limits would apply.

Who Is Worse Off?

Those worse off include low-income, hospitals, clean energy and EVs. A summary for each follows.

LOW-INCOME AMERICANS

For the many at the lowest end of the income ladder, the bill is hardly beautiful because they will be worse off. The reason why is that the bill makes historic cuts to America's safety net programs and most especially to food stamps and to Medicaid. The bill creates federally mandated work requirements for Medicaid, a first in its 60-year history.

There is also an expansion of the work mandate for the Supplemental Nutrition Program (SNAP) which is the food stamps program. In order to keep their benefits, parents of children ages 14 and older have to work, volunteer, take classes or participate in job training. Millions of low-income Americans will lose benefits because of the work requirements.

For those earning less than \$18,000 a year, there will be a \$165 reduction in their after-tax, after-transfer income, once the safety net cuts are addressed which is a 1.1 percent decrease. Those earning between

(Continued on next page)



WORSE OFF

Cont'd - Big Beautiful Bill

\$18,000 and \$53,000, would get a \$30 bump in income, or 0.1%.

Middle-income households (earning between \$53,000 and \$96,000) would see their income rise by \$1,430, or 1.8%. The health provisions won't only hit low-income Americans. The Senate is also tightening verification requirements for the Affordable Care Act's federal premium subsidies, which could also leave some middle-income Americans uninsured.

HOSPITALS

Another big loser in this bill are hospitals which are seeing state support reduced concerning Medicaid enrollees. They will also see more uncompensated care costs for treating uninsured patients. CEO of the American Hospital Association Rick Pollack said the Medicaid cuts "will result in irreparable harm to our health care system, reducing access to care for all Americans and severely undermining the ability of hospitals and health systems to care for our most vulnerable patients." Health experts say that the \$50 billion fund in the bill assisting rural hospitals concerning Medicaid cuts will not be enough to address the shortfall.

Medicaid cuts "will result in irreparable harm to our health care system . . ."

CLEAN ENERGY AND EVs

Tax incentives were stripped for wind, solar and other renewable energy projects by 2027. The American Clean Power Association slammed the legislation as a "step backward for American energy policy" that will eliminate many jobs and raise electric bills. The League of Conservative Voters agreed adding that besides destroying the future of clean energy, the bill will result in selling off public lands.

The bill eliminates the federal tax credit for new and used EVs, effective September 30, 2025. This means consumers will no longer receive the \$7,500 credit for new EVs nor the \$4,000 credit for used EVs.



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CalPERS

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Mark your selection by completely filling oval with a black or dark pen only. DO NOT use red ink, highlighter or anything other than a dark pen. Please detach the ballot and mail back using the return envelope.

Position A (Vote for one)

- Steve Mermell City of Pasadena (retired)
- Dominick Bei Fire Captain**
- David Miller Dept. of Toxic Substances Control

Position B (Vote for one)

- Sam Hasan Akkad Dept. of Transportation (retired)
- Troy Johnson Sweetwater Union High SD
- Jose Luis Pacheco CalPERS Trustee**

CalPERS

2025 CalPERS Board of Administration Member-at-Large Election

CalPERS Voting Member
 400 Q Street
 Sacramento, CA 95811

CalPERS Ballot
 Dated Material Enclosed
 Voting Deadline
 September 29, 2025

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