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8.27.21

**You Need to Take Action on the CalPERS LTC Settlement**

If you purchased Long-Term Care (LTC) Insurance from CalPERS and included inflation coverage, you should have received a recent mailing describing the tentative settlement in a class action suit triggered by the premium increases that took effect in 2015 and 2016. You have options, and it is critical that you make an informed decision about which option is best for you; tens or even hundreds of thousands of dollars are at stake. You may wish to consult your legal or financial advisor(s) concerning your options under the Settlement.

You can choose an option on Page 5 (YOUR ELECTION) of the material following the letter or via the web <https://www.calpersltcclassaction.com/> (you will need the unique ID and PIN provided in the top right corner of the detail pages of the settlement) or by calling 1-866-217-8056.

Most of the affected policyholders are in Category A, which includes people who are not currently on Claim Status (i.e. not currently receiving benefits). People in Category A have three options:

- If you do nothing, or if you affirmatively accept the Settlement, you will (assuming final approval by the Court) receive a refund of premiums you have paid (with no credit for investment earnings over the years), less any benefits you have received in the past, and you will surrender all future benefits under your policy. Your refund will likely be in the tens of thousands of dollars. However, if you require long-term care after the Settlement becomes final, you will receive no benefits from CalPERS to cover the cost.
- You can affirmatively choose to accept the Settlement and apply the refunded premiums to purchase a new single-premium Replacement LTC Policy. The details of that replacement policy are still being worked out, but if that policy becomes available, it would almost certainly pay much lower benefits than those promised by your current CalPERS policy. You would not be obligated to pay any further premiums for that Replacement Policy, which would provide up to three years of benefits starting from the date you first need care. The Replacement Policy would be issued by a private insurance company regulated by the State of California, not by CalPERS. If you want a Replacement Policy, you must affirmatively choose to do so no later than September 22, 2021.
  - If you are considering choosing the Replacement Policy Option, you should compare the benefits that would be available under that policy (described in general terms in the Notice of Settlement) with those you could obtain by reducing coverage under your current CalPERS policy. You recently received a separate mailing from CalPERS announcing a premium increase, and outlining options to avoid that premium increase by

reducing coverage. You can get more information on the current premium increase, and your options to reduce coverage, from CalPERS at 888-877-4934.

- You can affirmatively opt out of the Settlement. In that case, you will not receive any refund of premiums, but you will keep your current CalPERS LTC policy. You will be obligated to pay the 52% premium increase that CalPERS has imposed effective November 1, 2021, and any future premium increases CalPERS may impose. The deadline to opt out of the Settlement is December 13, 2021.
  - If you are unable, or do not wish to pay the 2021 premium increase, you should carefully consider the options to avoid that increase by reducing your coverage. The details are in the separate recent mailing from CalPERS. You can get more information on the current premium increase, and your options to reduce coverage, from CalPERS at 888-877-4934.
  - If, after considering your available options to pay the 2021 premium increase, or avoid it by reducing coverage, you conclude that your best option is to let your current CalPERS policy lapse, you should affirmatively accept the Settlement (with or without a Replacement Policy), and continue paying premiums until the Settlement becomes final.

If you are in Category A, then regardless of which of the three options you choose, you must continue paying premiums to CalPERS under your current policy until the Settlement becomes final.

If you and your spouse both purchased CalPERS LTC policies with inflation coverage, each of you should have received a mailing. Spouses should each make a choice based on their individual situation. Spouses can (and in some cases should) make different choices.

If you are in a category other than Category A (for example, if you are currently on Claim Status, or if you let your policy lapse after February 2013), your options are different. You should carefully read the options available to you and make a choice. Your deadline to choose is December 13, 2021.

Harry Powell, CUCEA Chair

Jo Anne Boorkman, CUCEA Chair-elect

Roger Anderson, Joint Benefits Committee Chair

Louise Taylor, CUCEA Information Officer

Robert M. Anderson, UC Berkeley, Coleman Fung Professor Emeritus of Risk Management