Our Health Insurance Costs More than Pensions

This chart shows how much healthcare will cost in retirement— at every age

BY ELIZABETH O’BRIEN | MONEY MAGAZINE

Here’s some good news about medical expenses in retirement: healthcare inflation has slowed over the past year, lowering your projected lifetime tab, according to a new report. And here’s the bad news: even at this lower growth rate, healthcare expenses are a runaway train that can plow a hole into the most carefully constructed budget.

It’s a daunting outlay, for sure, and most financial planning projections don’t fully account for it, Mastrogiovanni (CEO of HealthView Services) says. One common planning method is to consider what percentage of your working income you’ll need to live on in retirement. While there’s no one consensus, planners frequently say you need to replace 75% to 80% of your working income for a comfortable retirement.

Our PEER GROUP RANKINGS (State Street Public Funds Universe greater than $1 billion) for the last year were in the 13th percentile for TRS and 17th percentile for ERS. The three-, five-, and seven-year rankings remain in the top 31% for both the TRS and ERS. The ten-year return numbers are right around the median return for our peer group, with TRS returns now slightly above our actuarily assumed rate of return and ERS slightly below.

Projected Retirement Employer Cost
Retirement Systems of Alabama
(Amounts in millions)

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>TRS (Teachers”)</td>
<td>$799</td>
<td>$830</td>
<td>$829*</td>
</tr>
<tr>
<td>ERS (Employees’ Regular-State)</td>
<td>195</td>
<td>210</td>
<td>220*</td>
</tr>
<tr>
<td>JRF (Judicial)</td>
<td>17</td>
<td>18</td>
<td>18</td>
</tr>
<tr>
<td>Total Retirement Cost</td>
<td>$1,011</td>
<td>$1,058</td>
<td>$1,067</td>
</tr>
</tbody>
</table>

Note: Estimated $488.6M from Education Trust Fund
* Estimated $61.5M from General Fund

Projected Insurance Employer Cost
Retirement Systems of Alabama
(Amounts in millions)

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>PEEHIP (Teachers)</td>
<td>$947</td>
<td>$945</td>
<td>$945&amp;</td>
</tr>
<tr>
<td>SEHIP (State Employees)</td>
<td>352</td>
<td>353</td>
<td>353</td>
</tr>
<tr>
<td>Total Insurance Cost</td>
<td>$1,299</td>
<td>$1,298</td>
<td>$1,298</td>
</tr>
</tbody>
</table>

& Estimated $673.3M from Education Trust Fund

Note: Estimated $673.3M from Education Trust Fund

Note: FY2020 estimated cost for PEEHIP total $1.11 billion

Our Peer Group Rankings (State Street Public Funds Universe greater than $1 billion) for the last year were in the 13th percentile for TRS and 17th percentile for ERS. The three-, five-, and seven-year rankings remain in the top 31% for both the TRS and ERS. The ten-year return numbers are right around the median return for our peer group, with TRS returns now slightly above our actuarily assumed rate of return and ERS slightly below.
Alabama’s tourism industry has grown by 61 percent during the past decade, bolstered by expansion of condominium developments along the Gulf Coast, continued solid traffic to the Robert Trent Jones Golf Trail, and an improved image of “Sweet Home Alabama.” Tourists have spent more each successive year, even during the year of the BP oil spill, from $9.3 billion in 2009 to an estimated $15.4 billion in the current year.

The industry employs approximately 190,000 persons. Baldwin County leads with 52,000 employees, followed by 30,000 in Jefferson County and 17,000 in Madison County.

Alabama’s image has changed in the recent past, making the state more inviting to tourists. Ruben Studdard and Taylor Hicks won early seasons on American Idol. The public relations value of the Crimson Tide’s multiple national football championships over the past decade is undeniable. In addition to increasing enrollment on campus, many football fans have put a trip to Tuscaloosa on their bucket lists.

Foodies have flocked to the state since May when the James Beard Foundation awarded Highlands Bar & Grill in Birmingham “the Oscar of American restaurants” after Highlands was a finalist for nine previous years. Major food magazines have promoted Birmingham as a major culinary destination for the past decade.

In a significant change from previous eras, national political writers praised Alabama voters a year ago when they elected Doug Jones over Roy Moore for a Senate seat. The marketing and promotion of civil rights landmarks in Birmingham, Montgomery, and Selma have attracted many African Americans and whites to make pilgrimages to the South.

Tourism director Lee Sentell credits television commercials on 65 Raycom Media stations, an investment of the Retirement Systems of Alabama, with increasing the number of tourists who visit from the Midwest and surrounding states.

“Every part of the state has seen dramatic growth, from the mountains of the Tennessee Valley to the beaches along the Gulf Coast,” said Sentell. “Each year, most communities generate more revenue and gain jobs through meetings, conventions, sporting events, visits to museums, and other tourist attractions. The larger counties which have invested in sporting venues have seen an increase in the number of youth teams arriving from outside the immediate area for tournaments.”

In the most recent year, more than 6.4 million tourists spent $4.4 billion in Gulf Shores/Orange Beach. Some 3.3 million spent $2 billion in Jefferson County (Birmingham), while another 3.1 million visitors in Madison County (Huntsville) spent $1.3 billion. An estimated 3.4 million guests in Mobile County (Mobile) left $1.2 billion in cash registers.

This is a series of articles about Alabama Success Stories. Please let us know if you have a similar success story you would like us to share with the RSA membership. You may contact us at communication.correspondences@rsa-al.gov.
RSA’s National Village at Grand National in Auburn/Opelika, Alabama, on the RTJ Golf Trail and The Colony at The Grand Hotel in Fairhope, Alabama, have met the requirements for “best in class” recognition from the American Association of Retirement Communities (AARC). AARC is a not-for-profit professional association established in 1994 to support the efforts of states and municipalities, as well as community developers and for-profit businesses, who market to retirees. National Village and The Colony at The Grand was recognized at the AARC 2018 Annual Conference in November at Daytona Beach, Florida.

The AARC’s Seal of Approval (SOA) program recognizes communities who have made a commitment, both in hard amenity offerings and soft programs, to provide a high-quality lifestyle for retirees. The endorsement of the AARC has increased the stature of and attraction of the communities in the SOA Program. The AARC is in the process of adding more consumer-focused marketing programs to further benefit the Seal of Approval communities.

National Village is a 700-acre resort community with 54-holes of world-class golf and a complete aquatics/tennis/pickle ball/fitness center. It includes upscale homes and cottages and is divided into seven villages. There are parks, 300 acres of green space, ten miles of walking trails, a 600-acre fishing lake, and a full-service Marriott Hotel and Conference Center (soon to have a spa and reclassified as a Marriott Resort).

The Colony at the Grand is part of a 734-acre development which also includes the newly renovated Grand Hotel with 405 guest rooms, a conference center, six restaurants, and a spa, along with The Lakewood Club with two 18-hole golf courses, an aquatics/tennis/fitness complex, and a restaurant. The Colony is the residential component with single-family homes and condominiums. Visit www.nationalvillage.com and www.colonyatthegrand.com for information on locating to these two fine communities.

Master-Planned Developments in the AARC’s Seal of Approval program include Tennessee with two, North Carolina with two, Virginia with one, Arkansas with one, and Georgia with one. Now, Alabama has two. Visit https://the-aarc.org/ for information on the developments in the SOA Program. AARC’s soon coming consumer site will have detailed descriptions, photos, video, web address, and contact information for each development in the SOA Program.

In 1918, “World War I and influenza collaborated,” according to Public Health Reports. “The war fostered disease by creating conditions in the trenches of France that some epidemiologists believe enabled the influenza virus to evolve into a killer of global proportions.” Crowded conditions in military camps, even those not in the war zone, allow the flu to spread, and soldiers bring the virus home to all parts of the globe. As many as 500 million people, the Centers for Disease Control and Prevention estimates, are infected at some point during the 1918-1919 pandemic. That’s an astounding one-third of the global population. As ghastly as the death count is from the war itself, the flu kills about 50 million, including 675,000 Americans. It remains the worst pandemic of recent history.
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• January 5-9, 11-19, 27-31
• February 1-13, 18-20, 25-26

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• December 7-17, 23-30
• January 5-10, 13-18, 27-29
• February 1-7, 10-13, 17-18, 24-28

Marriott Grand—$127 plus a 15% resort fee
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• January 1-13, 19-24, 27-31
• February 1-7, 10-13, 17-18, 24-28

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Includes: Deluxe Room, One Round of Golf for Two People.
Call for tee Times after booking package
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• January 1-13, 19-24, 27-31
• February 1-7, 10-13, 17-18, 24-28

Marriott Shoals—Florence—$109
• December 1-2, 9, 16-30
• January 1-8, 10, 13, 16-17, 20-21, 27-28
• February 3-4, 10, 17, 24

Renaissance Ross Bridge—Hoover—$119
• December 1-31 • January 1-21, 25-31
• February 1-7, 10-13, 17-18, 24-28

Opelika Marriott—$109
• December 5-13, 16-31
• January 1, 6-14, 20-21, 27, 31
• February 1-4, 10-11, 17-18, 28

Prattville Marriott—$89
• December 2-3, 5, 8-9, 12, 15-31
• January 1-6, 10, 13, 17, 20-21, 27, 31
• February 3-4, 10-11, 17-18

Renaissance Montgomery—$119
• December 16-18, 23-27
• January 1-6
• February N/A

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• January 2-5
• February N/A

Specific room requests may require additional charge.
Rates available the 1st of the month and are not applicable to groups.
Book Online and Save RSA $4.

World Nuclear Forces, 2017

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>DEPLOYED WARHEADS</th>
<th>OTHER WARHEADS</th>
<th>TOTAL INVENTORY</th>
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<tbody>
<tr>
<td>USA</td>
<td>1,750</td>
<td>4,700</td>
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<tr>
<td>Russia</td>
<td>1,600</td>
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<tr>
<td>UK</td>
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<tr>
<td>India</td>
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<td>Israel</td>
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<td>80</td>
<td>80</td>
</tr>
<tr>
<td>Korea</td>
<td>(10-20)</td>
<td>(10-20)</td>
<td></td>
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Total 3,750 10,715 14,465

The figures for Russia and the USA do not necessarily correspond to those in their 2010 Treaty on Measures for the Further Reduction and Limitation of Strategic Offensive Arms (New START) declarations because of the treaty’s counting rules. Total figures include the highest estimate when a range is given. All estimates are approximate as of Jan. 2018.

Source: SIPRI