



# ADVISOR



TEACHERS, EMPLOYEES, PUBLIC, STATE POLICE AND JUDICIAL

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SERVING OVER 300,000 MEMBERS

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## Annual Reappraisals

EDITORIAL: *The Montgomery Advertiser*

“For further proof — as if any were needed — of the reflexive opposition to even modest property taxes among many Alabamians, consider the push in the Legislature to end annual reappraisals of property in the state. It’s unjustified and it could have significant consequences for schools and other entities that are partly funded by property taxes.

No one pays excessive property taxes in Alabama. Our levies here are the lowest in the country, so no one can complain about an onerous ad valorem tax burden. It simply doesn’t exist here.

Yet to hear the griping about annual reappraisals from some corners, one might think that property taxes here were the stuff of nightmares, that people were being driven from their homes by crushing tax bills. It’s beyond absurd.

Property taxes are assessed on the fair market value of the property, and that is not a static figure. Presumably, one would wish to see the value of property increase, thereby increasing the worth of the asset. An increase in property taxes — not in tax rates, but in taxes

owed — indicates an increase in the value of the property.

This works both ways, of course. If a property’s fair market value falls, so does the amount of property taxes owed.

By reappraising property every year, the state is complying with the legal requirement that property taxes be assessed each Oct. 1 on the basis of the fair market value of the property. The push to conduct reappraisals only every four years is unrealistic, given that the fair market value could change dramatically over that time span.

Montgomery County has appraised property each year for many years now, and the number of complaints concerning those appraisals has dropped dramatically, according to county officials.

Annual reappraisals allow property owners to cover small increases rather than facing potentially much larger jumps every four years. Beyond that, they allow far better financial planning by school systems and local governments.

There’s simply no good argument against annual reappraisals.”

## Support a Better Alabama Vote YES on June 5

By David G. Bronner

Several years ago I spoke with the citizens of Anniston and they asked my perspective on how to improve their city. I advised them of the need to clean up two of the worst environmental messes in the nation. The chemical pollution problem was dealt with professionally. This month it was announced that a large munitions stockpile dating back to the Cold War, almost 36,000 rockets filled with UV (lethal nerve gas), has been destroyed without a problem in this high-hazard type of environment.

My point is that serious problems do not get resolved without some risk and money. As my father drilled into my head, “Ideas without money, remain ideas.” The City of Anniston made a choice to succeed. Now it is up to Alabamians to decide if Alabama will have a chance to succeed as well.

On June 5, 2007, Alabamians will be asked to vote “YES” or “NO” on Amendments #1 and #2, both of which had unanimous Legislative approval. Amendment #1 will provide funds to recruit more industry to Alabama, which simply means more jobs with better pay and a better economy. This is a “MUST” vote for Alabama to move forward forever.

Amendment #2 establishes trust funds for education employees and state employees for retiree health care benefits. This is very similar to what the state did for pensions in the 1940s. Over the decades to come, if additional employer and employee contributions are made, investment earnings will be able to generate 60-70% of the revenues to fund the program just like the current pension programs. This amendment has the full support of the Boards of the Public Education Employees’ Health Insurance Plan and the State Employees’ Health Insurance Plan, the RSA, the Governor and all the state and education employee associations.

Vote “YES” for Amendments #1 and #2! Both are excellent choices to help the state and its citizens.

ZAGAT

America’s Top  
Golf Courses  
2007/2008

## Great New Courses

Last month marked the release of Zagat’s 2007/2008 America’s Top Golf Courses, with nearly 1,100 open-to-the-public courses as voted on by more than 6,250 avid golfers. Categories singled out in the book include top-rated courses, as well as those that offer the best service, instruction, on-site fine dining, women-friendly features, 19th holes, and more. The new ZAGAT Survey lists Ross Bridge and The Shoals as among the best.



# Long-Term-Care Policies

By Charles Duhigg, *New York Times*

**M**ary Rose Derks was a 65-year-old widow in 1990, when she began preparing for the day she could no longer care for herself. Every month, out of her grocery fund, she scrimped together about \$100 for an insurance policy that promised to pay eventually for a room in an assisted living home.

On a May afternoon in 2002, after bouts of hypertension and diabetes had hospitalized her dozens of times, Mrs. Derks reluctantly agreed that it was time. She shed a few tears, watched her family pack a truck with photo albums and her favorite blankets and rode to Beehive Homes, five blocks from her daughter's farm equipment dealership.

At least, Mrs. Derks said at the time, she would not be a financial burden on her family. But when she filed a claim with her insurer, Consec, the company said she had waited too long. Then it said Beehive Homes was not an approved facility, despite its state license. Eventually, Consec argued that Mrs. Derks was not infirm, despite her early-stage dementia and the 37 pills she takes each day.

After more than four years, Mrs. Derks, now 81 has yet to receive a penny from Consec . . .

Thanks to recently passed federal incentives intended to promote purchases of long-term-care policies, the business is expected to grow even more. Yet thousands of long-term-care policy holders say that years of paying premiums have resulted in only a stream of excuses about why insurers will not pay.

Confidential depositions from policyholder lawsuits and

interviews by *The New York Times* indicate that some long-term-care insurers have developed procedures that make it difficult — if not impossible — for policyholders to get paid . . .

In California alone, nearly one in every four long-term-care claims was denied in 2005, according to the state. “The bottom line is that insurance companies make money when they don’t pay claims,” said Mary Beth Senkewicz, who resigned last year as a senior executive at the National Association of Insurance Commissioners. “They’ll do anything to avoid paying, because if they wait long enough, they know the policyholders will die.”

. . . But policyholders have lodged thousands of complaints against the major long-term-care insurer. A disproportionate number have focused on Consec, its affiliate, Bankers Life, and Penn Treaty.

By comparison Genworth Financial, the largest long-term-care insurer, received only one complaint for every 12,434 policies . . .

In depositions and interviews, current and former employees at Consec, Bankers Life and Penn Treaty described business practices that denied or delayed policyholders’ claims for seemingly trivial reasons . . .

Consec and Bankers Life “made it so hard to make up a claim that people either died or gave up,” said Betty J. Hobel, a former Bankers Life agent in Cedar Rapids, Iowa.

“When someone is 70 or 80 years old,” she said, “how many times are they going to try before they just give up?”

. . . Few of the cases or complaints filed against Consec, Bankers Life, Penn Treaty or other insurers have received much

*continued on page three*

## DRUGS

### Sticker Shock

Average per-patient cost of treatment for some cancer drugs that have come to market since 2004:

<b>Avastin/Genentech</b>	
Colorectal:	\$46,600
Lung:	\$56,300 <sup>1</sup>
<b>Vectibix/Amgen</b>	
Colorectal:	\$36,000 <sup>2</sup>
<b>Erbix/ImClone &amp; Bristol</b>	
Colorectal:	\$40,000
<b>Lucentis/Genentech</b>	
Age-related macular degeneration:	\$48,000
	for two years
<b>Revlimid/Celgene</b>	
Multiple myeloma:	\$67,000
<b>Sutent/Pfizer</b>	
Kidney:	\$46,500

<sup>1</sup>Drug available free after \$55,000 in expenditure.

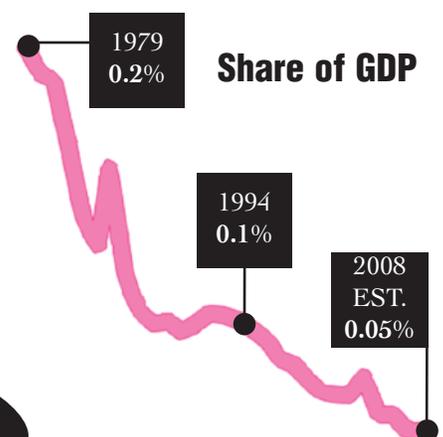
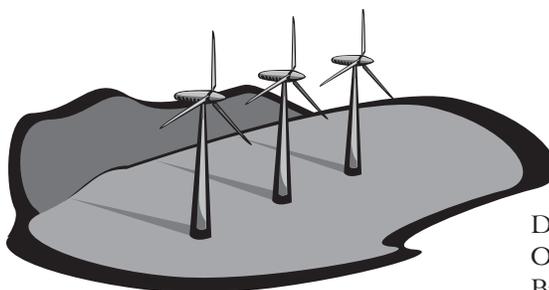
<sup>2</sup>Drug available free after patients use more than 5% of adjusted gross income in co-payments.

Sources: the companies; Morgan Stanley

## Not Much Fuel for Energy R&D

**S**AYING THE NATION is addicted to oil, President Bush has called for a sharp jump in the supply of renewable and alternative fuels. What about the R&D needed to get there? The White House’s 2008 budget, released on Feb. 5, asks for just a 1% increase in real R&D spending in energy, transportation, and the environment. The total amount, \$7.5 billion, looks paltry compared with what was spent in the past. In real terms, it is almost 19% lower than in 1994 and about 40% less than its 1979 peak. Here’s how the amount measures up historically as a share of the GDP. — *Michael Mandel*

*Federal R&D spending on energy, atomic energy, transportation, natural resources, and environment*



Data: Office of Management and Budget; Business Week

# The New Jersey Pension Mess

By Mary W. Walsh, *N.Y. Times*

In 2005, New Jersey put either \$551 million, \$56 million or nothing into its pension fund for teachers. All three figures appeared in various state documents — though the state now says that the actual amount was zero.

The phantom contribution is just one indication that New Jersey has been diverting billions of dollars from its pension fund for state and local workers into other government purposes over the last 15 years, using a variety of unorthodox transactions authorized by the Legislature and by governors from both political parties.

The state has long acknowledged that it has been putting less money into the pension fund than it should. But an analysis of its records by *The New York Times*

shows that in many cases, New Jersey has overstated even what it has claimed to be contributing, sometimes by hundreds of millions of dollars.

The discrepancies raise questions about how much money is really in the New Jersey pension fund, which industry statistics show to be the ninth largest in the nation's public sector, with reported assets of \$79 billion.

State officials say the fund is in dire shape, with a serious deficit. It has enough to pay retirees for several years, but without big contributions, paid for by cuts elsewhere in the state's programs, higher taxes or another source, the fund could soon be caught in a downward spiral that could devastate the state's fiscal health. Under its Constitution, New

Jersey cannot reduce earned pension benefits.

The *Time's* examination of New Jersey's pension fund showed that officials have taken questionable steps again and again. The state recorded investment gains immediately when the markets were up, for instance, then delayed recording losses when the markets were down. It reported money to pay for health care costs as contributions to the pension fund, though that money would soon flow out of the fund. It claimed it had "excess" assets that allowed it to divert required pension contributions to other uses, like providing financial assistance to poor school districts. . . .

(Editor's Note: This is why you need to know what is happening!)

## Father-Son Golf Tournament

Life is Short

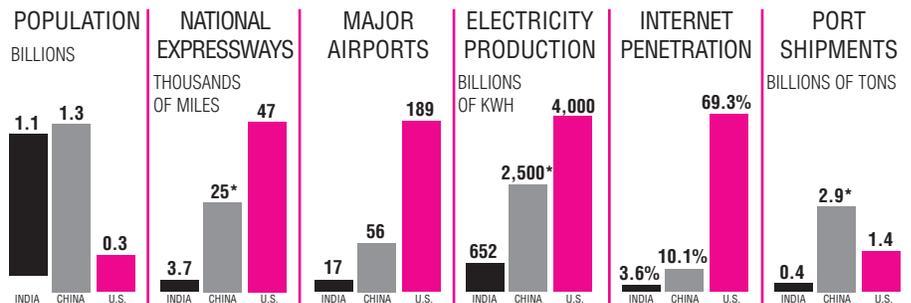
Does it sometimes feel like our children start kindergarten one day and go off to college the next? As parents look back, it is the special family outings that will always be remembered. Many dads attend numerous sporting events that their sons participate in while in school, but the activities such as hunting and golfing together will be remembered the most.



May 26–27 provides the perfect golf experience for fathers and sons to enjoy together at the Father-Son Golf Championship at Cambrian Ridge in Greenville. This will mark the 9th year fathers and sons have come from all across America to play in this event.

For more information, please call Danny Foster at 334-382-9787, or [dfoster@rtjgolf.com](mailto:dfoster@rtjgolf.com).

## How The Global Giants Stack Up



\*DATA FOR '05, ALL OTHER FIGURES '06  
 Data: CIA World Factbook, 2006; International Monetary Fund; U.S. Energy Information Administration; Portland Cement Assn.; Indian Cement Manufacturer's Assn.; Morgan Stanley; India Ministry of Power; National Highway Authority of India; U.S. Waterborne Databank; Internet World Stats; National Development and Reform Commission (China); National Council for Applied Economic Research (India); U.S. Transportation Dept.; Indian Ports Assn.; China Statistical Yearbook; 2006 U.S. Census Bureau

### Long-Term-Care *continued*

attention, in part because many lawsuits filed against long-term-care insurers have been settled with the requirements that depositions, documents and settlement terms be kept confidential. Frequently, say policyholders' lawyers, the companies have been willing to pay millions of dollars in exchange for confidentiality.

Furthermore, despite the complaints against long-term-care insurers, few states have conducted meaningful investigations.

Ron Gallagher, a deputy commissioner with the Pennsylvania Insurance Department, said, "I don't know that we have a real problem with improper claims denials."

Yet data from the National

Association of Insurance Commissioners show that from 2003 to 2005, Pennsylvania received more complaints regarding Conseco, Bankers Life and Penn Treaty than any other state. Mr. Gallagher said he might begin a new review of those companies.

Other states with large numbers of long-term-care complaints, including California, Missouri, Maryland, Indiana and Washington have not begun investigations, or have reviewed only small numbers of policies.

As a result, other seniors may end up like Mrs. Derks . . . .

(Editor's note: Be careful and research the company you are considering for a long-term-care policy.)

## WANT TO HELP?

### A FREE Car Tag

Tired of that worn-out dealer tag on the front of your car? Would you like to help the RSA and our Alabama Tourist Department advertise "Alabama's Robert Trent Jones Golf Trail" on your front bumper? If so, call Tisha or Deborah to request a tag at (334) 242-5718, or 800-214-2158 ext. 1503, or write:

Tag  
P.O. Box 302150  
Montgomery, AL 36130-2150



## The Pros are Coming to Ross Bridge



**RENAISSANCE**  
ROSS BRIDGE  
GOLF RESORT & SPA

**T**he Robert Trent Jones Golf Trail at Ross Bridge is proud to host the premier event on the PGA Champions Tour, the Regions Charity Classic presented by Bruno's Supermarkets. This professional golf event draws more than 100,000 spectators each year and has contributed more than \$9 million to charity in 15 years.

Hale Irwin, Jay Haas, Loren Roberts, Lee Trevino, Ben Crenshaw, Hubert Green and Jerry Pate are just a few professional golfers coming to Birmingham May 14 - 20.

Truly, they are in for a real treat. Renaissance Ross Bridge Golf Resort & Spa was a favorite for players and their families last year, boasting a

premier golf course designed for PGA tournament play and a luxury resort setting. Ross Bridge features 259 balconied rooms, ten suites, 20,000 square feet of meeting space and a 12,000 square foot spa.

The Trail is very excited to showcase the beauty and challenge of the world's third longest golf course during that weekend to more than 70 million households across America courtesy of the Golf Channel. We hope you will join us at this charitable event May 14 - 20 at Renaissance Ross Bridge Golf Resort & Spa. A limited number of guest rooms may be available at the resort during the tournament.



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Support Alabama & RSA  
Vote YES on Amendments One & Two - June 5, 2007