

San Mateo County Employees' Retirement Association

SamCERA Times


www.samcera.org

Active Member Newsletter

March 2009

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SamCERA Times Goes Electronic

This issue of the SamCERA Times newsletter is the first ever via email. Woohoo! And it was so easy to create because computers make everything so easy, right? Not! But cry no tears for us. We got it done and future editions will be easier.

We hope you'll use and appreciate the advantages this e-newsletter brings compared to paper editions:

- Internal hyperlinks that let you jump directly to articles that interest you.
- External hyperlinks that let you jump directly to additional information on websites.
- No space limitation on information.
- No printing costs.
- No postage costs.
- Immediate delivery.
- Saves trees.
- Reduces gasoline used for delivery.

There is another feature we hope you don't utilize. That's the ability to immediately delete it. We know that the younger you are, the more likely that is to happen. But here's our advice. This is about your future. It's important. The earlier you start learning about your retirement system and the options it provides, the better your retirement will be. So we encourage you to read this newsletter and take advantage of all the educational options SamCERA provides.

Active members (still working for a SamCERA employer) will automatically receive this and future newsletters via email unless they notify SamCERA that they'd prefer the newsletter in paper form. All members were notified in the last paper edition to contact

SamCERA if they would prefer a paper copy.

Financial Planning Classes Now Available For All County Employees

SamCERA has partnered with Financial Knowledge Network (FKN) to provide financial education to members. The next sets of two-hour courses are:

April 30, 2009

- Building Your Wealth (Retirement Planning for Mid-Career)
- Estate Planning: Understanding the Basics
- Creating and Managing Wills & Trusts

May 28, 2009

- Organizing and Managing Your Finances
- Getting Out of Debt & Developing Smart Credit Habits
- How to Choose Financial Professionals

For a complete listing of course offerings and descriptions, dates and times, log in to the [Learning Management System \(LMS\)](#).

[Click here to see the flyer](#) for course titles and times and the link to LMS to register.

[Click here for information](#) about other retirement educational programs available from SamCERA.

FKN is well known and respected for providing excellent financial education courses that are "conflict free." This means the instructors will not offer to sell financial products or their services to students of their classes. Both SamCERA and FKN believe this approach eliminates the stress on all parties that is very often a barrier to learning about personal finance.

Want To Purchase Or Upgrade Service?

Would you like to increase your retirement benefit by purchasing your extra help time, redepositing withdrawn contributions or upgrading your Plan 3 service?

SamCERA's open enrollment for these actions is now underway. Open enrollments for purchases and upgrades occur twice each year. So if you don't make a purchase now you can make it later. But the earlier you pay for a purchase or upgrade the less it is likely to cost, since interest is part of the cost calculation.

Please also note that California law and IRS rules place restrictions on the timing and the payment methods for purchases and upgrades of service. Please pay close attention to the deadlines as noted below.

Payments for purchases and upgrades can be made in the form of an ongoing payroll deduction plan (pre-tax) or a check from a personal account. Service purchases can also be paid for with a transfer from a deferred compensation (457) or other tax-deferred account. Service upgrades (such as the upgrade of Plan 3 time) cannot be paid for with tax-deferred funds (based on IRS rules.) And Additional Retirement Credit (ARC) purchases can only be made with tax-deferred (such as 457) funds.

Important Dates - Service Purchases or Upgrades

If you plan to use PARS funds for a purchase, you must submit your request no later than 6 p.m. on April 9, 2009.

For purchases made with other than PARS funds, SamCERA must receive your request by 6 p.m., May 14, 2009. [Any requests for purchase agreements received after that date will be put on the list for the next purchase cycle beginning in September 2009.]

To start the purchase process, complete either the Plan 3 upgrade, Extra Help or Redeposit form located on SamCERA's website: www.samcera.org or call 650-599-1234 to have a form sent to you.

Once you have completed the request, please return it to:

SamCERA
100 Marine Parkway, Suite 125
Redwood Shores, CA 94065
Or Pony: RET141, Or Email: sthompson@samcera.org

All members who meet the above deadlines will receive their cost quotes from SamCERA by May 28, 2009.

Signed purchase agreements and payments must be received in SamCERA's office by 6 p.m. on June 18, 2009.

Avoid the rush! Send your forms in early!

NOTE: These deadlines do not apply to ARC purchases. Deadlines for ARC are set separately for each member who applies.

Samcera 101 - Basic Information About Your Retirement Benefits

The California law that contains the rules for SamCERA benefits (the 1937 Act) had 159,076 words at last count. So, one of SamCERA's biggest jobs is to help you understand your benefits. This article is the fifth in a series containing basic information about your retirement benefits. For more information see all SamCERA's member publications on our website at www.samcera.org, email us at samcera@samcera.org, or call us at 650-599-1234 or (toll free) 1-800-339-0761.

Divorce & Your Retirement

California is considered a community property state, which means that retirement benefits earned during a marriage are an asset which can be divided in the event of a divorce. Make sure you address the division of your retirement assets during the divorce process so that when you eventually retire, the process will not be delayed while the rights of the divorced parties are sorted out.

When a dissolution of marriage action is filed, the member and/or other parties to the action should notify SamCERA in writing of the pending action. Shortly after we have received notification, SamCERA will provide all parties with:

- A copy of SamCERA's Member Booklet, "First Things First." The booklet describes SamCERA's benefit programs and includes instructions on how to estimate your SamCERA retirement benefit.
- A copy of the Dissolution of Marriage Guidelines, the Dissolution of Marriage Guidelines provide the answers to most of the questions that members, former spouses and attorneys need to consider during the preparation of a Domestic Relations Order.

After SamCERA has received proper legal documentation, all parties will be provided with:

- A valuation of the Member's account. The valuation will specify the approximate community property interest that the former spouse can **either** withdraw upon issuance of the final decree, **or** receive as a monthly retirement allowance for life when eligible.

If you have additional questions, please contact us. SamCERA's staff is ready to help you through this difficult process.

IRS Restrictions Apply To Retirees Who Return To Work For County

Internal Revenue Code and state law set forth requirements that must be met in order to allow SamCERA retirees to return to work as Extra Help for the County or any other employer whose employees are members of SamCERA.

Three requirements must be met (with some exceptions, see below) for retirees to return to work as Extra Help employees:

1. The IRS requires a "bona fide" break in service between when an employee retires and when they come back to work. The IRS has not defined a specific time period as "bona fide." However, after consulting County Counsel, tax counsel, and surveying other counties that also operate under California's 37 Act retirement law, a break in service of 90 days is most often assumed to meet the IRS standard. The Board of Retirement recently adopted a required 90-day break in service.
2. A further IRS requirement is that there cannot be any prearrangement for the retiree to come back to work, either verbally or in writing. Arrangements for a retiree to return to work cannot be made until some period of time after the retirement has occurred.
3. For San Mateo County and all other counties covered by the 1937 Act, there is a limit of 960 hours per fiscal year that a retiree can work for the County as Extra Help. San Mateo County and SamCERA have had procedures in place since 2005 to make sure we are in compliance with this law.

Exceptions:

For individuals who retire at or after reaching "Normal Retirement Age" the break in service and the prearrangement requirements do not apply. The normal retirement age for a San Mateo County safety employee is 53 and for a general service employee is 60. The limit of 960 hours per fiscal year for a retired Extra Help employee applies to all SamCERA retirees regardless of the age at which they retired.

If a retiree provides services as an independent contractor and not as Extra Help, all three restrictions do not apply. However, the retiree must actually provide services in the manner of an independent contractor not in the manner of an employee. County Administrative Memo C-4 sets forth guidelines for determining independent contractor status.

Do You Have A Beneficiary On File? Is Your Beneficiary Information Current?

Having your SamCERA beneficiary record current and up-to-date can save time and prevent additional grief for your loved ones in the event of your death.

The two types of beneficiary options:

- *Primary Beneficiary: A person or persons who will receive the balance in your account or death benefit in the event of your death.*
- *Contingent Beneficiary: A person or persons who will receive the balance in your account or death benefit in the event of the death of both you and your primary beneficiary(ies).*

When completing your beneficiary form, please make sure that the total percentage of benefit for your primary beneficiary(ies) equals 100%. Your contingent beneficiary section should also equal 100%.

When would you need to change your beneficiary(ies)?

- If you get married or enter into a domestic partnership.
- If you have a child, adopt one or add a domestic partner's child.
- If you get a divorce. Please contact SamCERA and provide us a copy of your Dissolution of Marriage paperwork. Please note that California is a common law state, which entitles your spouse/domestic partner to half your retirement unless specified in the divorce papers. Not notifying and taking care of a divorce can delay the start of your retirement benefit if it has not been resolved. In addition, if you remarry you will be unable to add your new spouse/domestic partner as your primary beneficiary until SamCERA has all the appropriate paperwork.
- If a beneficiary has passed away. If your beneficiary was your spouse/domestic partner, please provide SamCERA a copy of the death certificate.
- If your beneficiary is a friend. If this is the case, and you want to change him or her, you may make the change at any time.

To view your account information at any time, visit our website at www.samcera.org. Under Member Services click on Web Member Services. If you do not have a Personal Identification Number (PIN) for this site, send an email via GroupWise to SamCERA and one will be provided to you.

If you need a new Beneficiary Update Form, it can be found on our website under Forms. The completed original form may be submitted to SamCERA by pony [RET141] or by mail or in person to SamCERA's address [100 Marine Parkway, Suite 125, Redwood City, CA 94065]. Please note that if you are sending an updated beneficiary form, it must also be signed by your spouse or domestic partner.

COLA Increase To Be 3% For Most Retirees

The Board of Retirement has approved a cost of living adjustment (COLA) for most SamCERA retirees and beneficiaries of 3%. The increase will be effective with April 2009 payments.

The COLA amount is based on California law, which requires that the amount be based on the change in the Consumer Price Index for the San Francisco-Oakland-San Jose area as calculated by the federal Bureau of Labor Statistics. The law also requires that the amount be rounded to the nearest one-half of one percent.

This year the Consumer Price Increase as calculated by SamCERA's actuarial firm, Milliman, Inc., showed a 3.11% increase. Per law this number was rounded to 3%.

Some members who retired before April 1, 1974, will receive higher amounts. See the chart below for COLA amounts based on date of retirement, Tier and employment category.

Cost of Living Percentages By Plan

Plan One. Each retiree and beneficiary who retired on or before April 1, 2009, will receive a Cost of Living Adjustment in accordance with the following:

Date of Retirement	General	Safety	Probation
On or before 4/1/1972	5.0%	5.0%	3.0%
4/2/1972 to 4/1/1973	4.0%	4.0%	3.0%
4/2/1973 to 4/1/1974	3.5%	3.5%	3.0%
On or after 4/2/1974	3.0%	3.0%	3.0%

Plan Two. Plan Two benefits are eligible for no more than a 3% COLA each year. Each retiree and beneficiary who retires on or before April 1, 2009, will receive a Cost of Living Adjustment of 3.0%.

Plan Three. Plan Three members are not eligible for Cost of Living Adjustments.

Plan Four. Plan Four benefits are eligible for no more than a 2% COLA each year. Each retiree and beneficiary who retired on or before April 1, 2008, will receive a Cost of Living Adjustment of 2.0%.

More COLA information can be found at www.samcera.org.

Questions and Answers about Social Security

By Linda Zamfino, Social Security Administration Public Affairs Specialist in Oakland, CA

Question:

I lost my Social Security card, should I get a new one?

Answer:

Knowing your Social Security number is what is important. The only time you may need the actual card is when you start a new job. However, if you need to replace your Social Security card, you can do so free of charge. Remember, you are limited to three replacement cards in a year and 10 during your lifetime. Learn more about your Social Security card and number at: www.socialsecurity.gov/ssnumber. Learn more about Social Security by visiting our website at www.socialsecurity.gov or call us at 1-800-772-1213 (TTY 1-800-325-0778).

Question:

How can I see an estimate of my Social Security retirement benefit at several different ages?

Answer:

To see your estimated retirement benefit at age 62, full retirement age, and age 70, we suggest you refer to your most recent Social Security Statement, which we mail to you every year about two to three months before your birthday. In addition, use our online Retirement Estimator at www.socialsecurity.gov/estimator to get a retirement benefit estimate based on current law and real time access to your earnings record. The Retirement Estimator lets you create additional "what if" retirement scenarios, so that's the perfect place to plug in as many alternate retirement ages as you wish to do. You can test even more alternatives such as your "stop work" dates or expected future earnings to create and compare different retirement options that may be in your future. Learn more about Social Security by visiting our website at www.socialsecurity.gov or call us at 1-800-772-1213 (TTY 1-800-325-0778).

Question:

All my life I have planned on retiring at age 62, but I heard the retirement age is rising to 67. Does this mean five more years of work for me?

Answer:

Not unless you want to continue working. While it is true that the full retirement age is gradually rising to 67, early retirement remains at age 62. So if you go ahead with your plans to retire early, your benefits will be reduced. You also should know that if you choose to keep working even beyond your full retirement age, you can increase your future Social Security benefits. With delayed retirement credits, your benefit will increase automatically by a certain percentage from the time you reach your full retirement age until you start receiving your benefits or until you reach age 70. For example, if you were born in 1943 or later, we will add 8 percent per year to your benefit for each year that you delay signing up for Social Security between your full retirement age of 66 and age 70. That's a 32% increase! Check out our online Retirement Estimator, which you can use to get quick and accurate estimates of your retirement benefits based on different scenarios, at www.socialsecurity.gov/estimator. Or read the When to Start Receiving Benefits fact sheet at www.socialsecurity.gov/pubs/10147.html.

Notice Of Election -- Two Members Of The Board Of Retirement

The notice below was issued by the Elections Division to provide notice to all active

members regarding an upcoming election for two seats on the SamCERA Board of Retirement.

IMPORTANT NOTICE – PLEASE POST

SAN MATEO COUNTY
EMPLOYEES' RETIREMENT ASSOCIATION
NOTICE OF ELECTION
TO ELECT TWO MEMBERS TO THE BOARD OF RETIREMENT
At an election to be held on
MONDAY, JUNE 8, 2009

Notice is hereby given that one **GENERAL MEMBER** is to be elected to fill the Second position, and one **SAFETY MEMBER** is to be elected to fill the Seventh position on SamCERA's Board of Retirement.

Alternate Safety Member Seat Note: For the purposes of this election, Safety membership is divided into two groups, probation and sheriff. The candidate for the safety member seat who receives the highest total number of votes will be elected to the safety member seat. The candidate who is in a different group from the candidate elected to the safety member seat and who receives the highest number of votes of any candidate of that safety group will be elected as alternate safety member.

Each candidate for the General position shall be nominated by a petition signed by not less than ten (10) active General Members of the San Mateo County Employees' Retirement Association.

Each candidate for the Safety position shall be nominated by a petition signed by not less than ten (10) active Safety or Probation Safety Members of the San Mateo County Employees' Retirement Association.

The General Member and the Safety Member shall serve from July 2009 – June 2012.

Nomination Petitions & Declarations of Candidacy will be available beginning
Monday, April 20, 2009 through Monday, May 4, 2009.
Qualified Candidates may obtain petitions in person at:

**COUNTY ELECTIONS OFFICE
40 TOWER ROAD IN SAN MATEO**

Petitions may be circulated between April 20th and May 4th and must be filed in person with the County Elections Office no later than 5:00 p.m. on May 4th, 2009.

Please call the Elections Office at 312-5222, if you have any questions or wish to make an appointment to take out Candidacy Papers.

This election will be held in accordance with Article 3 of the *Regulations of the Board of Retirement*.


DAVID TOM
Elections Officer