

San Mateo County Employees' Retirement Association

The SamCERA Times


www.samcera.org

ACTIVE MEMBER EDITION

Fall 2010

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Member Account Statements Have New Information

Annual member statements mailed to members' homes in September have new information.

The new data is Date of Birth (DOB). Date of Birth is important because the amount of your member contribution each pay period is based on your age at entry to the retirement system, i.e., the date you went to work for your *SamCERA*-covered employer. DOB is also important because the amount of your retirement benefit will be based in part on your age at retirement.

Incorrect DOBs can result from a number of causes, but the most common is probably data entry errors.

Because of its importance, when you apply for retirement, *SamCERA* will require that you verify your age by presenting a birth certificate or passport. If at retirement it is found that your recorded age has been incorrect, that will mean that your member contributions have also been

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Member Annual Account Statement **SamCERA**

SamCERA
100 Marine Parkway,
Suite 125
Redwood Shores, CA
94065

Understanding your Member Statement of SamCERA benefits

Member Account Balance

| Balance, June 30, 2009 | Additional Contributions, Jan 2010-2014 | Balance, June 30, 2014 |
|------------------------|---|------------------------|
| Member Contributions | | |
| Employer Contributions | | |
| Interest | | |
| Total | | |

Member Data (as of June 30, 2014)

| | |
|---|--|
| Date of Birth | |
| SamCERA Tier | |
| Years of Service | |
| Minimum Annual Retirement Cost of Living Adjustment | |
| Classification of Member | |

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incorrect.

Such an error has to be corrected. If *SamCERA*'s record of your age was too low, you will not have paid enough contributions and you will have to pay the retirement fund the difference before you can retire.

If the age was too high, *SamCERA* may owe you money. But you will have been overpaying for your entire career.

So it is important to make sure *SamCERA* knows your correct age as of the date you entered the retirement plan. DOB is now shown on all member statements. The statement will tell you how you can contact *SamCERA* to correct any problems. Please check all the information on the statement. The sooner inaccuracies are corrected the better.

Still More About Member Annual Statements

Plans 1, 2, and 4 members will receive statements. Plan 3 members don't have member accounts and, therefore, don't receive statements.



Please check the listing of your beneficiary(ies). Your beneficiary is the person or persons to whom you want your account distributed in the event of your death as an active member. Accidents and illnesses do happen. To make sure your funds would go to those you want, be sure to look at the beneficiary(ies) listed on this year's annual member statement.

The beneficiary box on the statement will either list the name of your primary beneficiary (you may have more than one beneficiary, but only one primary beneficiary can be listed on the statement), or it will read, "Please update this information."

If your statement has the latter wording, it will mean that you either don't have a beneficiary listed with *SamCERA* or that *SamCERA* has the name of your beneficiary but no social security number for him or her. Having your beneficiary's SSN will make it much easier for *SamCERA* to confirm their identity and distribute your funds to them.

Of course, the statement will also show you the dollar value of your account as of June 30, 2010 (the end of the last fiscal year). While it is always interesting to see how much you have contributed and earned in interest, the value of your *SamCERA* benefit in retirement will normally be much greater than the value of your account. That's because your benefit is not based on your account balance. Your benefit is based on your years of service, your final average compensation and your age at retirement. Your account will help pay for your benefit, but a much greater amount from your employer and from investment earnings is used to support your benefit. Vested members who terminate employment and take a refund of their account balances are giving up a retirement benefit that will normally equal more than twice the value of their member accounts.

Your statement will also list the service time *SamCERA* has on record for you, as well as whether or not you are vested, your tier or plan, your compensation and the maximum cost of living allowance you will be eligible for once you retire.

Check this information carefully and let *SamCERA* know immediately if anything appears incorrect.

SamCERA Earnings Positive for 2009-10 Fiscal Year

SamCERA's overall investment earnings for the fiscal year ending June 30, 2010, were 12.8%.

The best performing asset category was Small Cap Equity, which returned 25.7%. Fixed Income also showed strong performance, ending the year up 17%.



Real Estate was a drag on the portfolio, closing at a negative 7.3%. Large Cap Equity closed up 13.6% and International Equity closed up 8.0%.

The closing numbers were quite welcome compared to the losses during the prior two years. The 12.8% earnings brought the total fund balance to approximately \$1.8 billion and exceeded the long term assumption that the fund will earn an average of 7.75% per year.

SamCERA's losses during the prior two years were about average among peer pension plans. The losses caused a significant increase in the county's contributions to the fund. Even with the strong earnings for 2009-10 the need for higher contributions will not be eliminated because most of the losses have not yet been made up. But such earnings are a step in the right direction. The positive earnings are also evidence of *SamCERA*'s fiscal strength and support future growth of the fund.

Familiar Face Joins Retirement Board

Four members of the Board of Retirement were elected, appointed or re-elected in June.

A familiar face to many is **Paul Hackleman**, former Benefits Manager for San Mateo County, who was elected in June to serve as the Retired Member of the Board of Retirement. Paul replaced long-time board member Bette Perroton Stuart. Paul served as the county Benefits Manager from 1982 through March 2008. He is also a former member of the retirement board, having served from June 2005 through March 2008 while actively employed. Today he is the head of I.C. Benefits Consulting.

John Murphy was re-elected to serve as the Retired Member Alternate. John was first elected to the alternate position in 2007. He substitutes in the absence of the Retired Member.

Natalie Kwan Lloyd ran unopposed for one of the active member seats on the board. Natalie

was first elected in 2008 to serve out the unexpired term of Tom Bryan, who retired. She is an Appraiser in the county Assessor's Office.

Ben Bowler was reappointed to the board by the Board of Supervisors. Ben was first appointed to the board in 2008, also to fill an unexpired term. Ben is the Assistant Treasurer of Finance and Planning for Con-Way, Inc.

Each board term is three years. All four of these trustee's terms will expire on June 30, 2013.



**Natalie Kwan
Loyd**



John Murphy



Paul Hackleman



Ben Bowler

SamCERA Members Offered Great Financial Opportunity

Can there be a better financial opportunity than free education about how to manage your money? That's what *SamCERA* offers with its free-to-members financial planning workshops.

The workshops are taught by professional financial trainers. They consistently receive "excellent" evaluation scores, and they are offered in convenient two-hour segments.

The workshops are part of the county's approved educational offerings, so with manager approval, you may attend on work time.

Fall Financial Planning Classes

September 30th (Location - 455 County Building, Room 101)

Money Management (8:30 am - 10:30 am)

Participants who attend this course will learn how to make better spending decisions, get out of debt, build and maintain a good credit record, and stay on track with all financial goals. Each participant will receive a 40-plus page workbook, which reviews each topic covered and provides resources and a glossary for future use.

WORKBOOKS ARE ONLY AVAILABLE TO ATTENDEES.

Investing for the Clueless (11:30 am - 1:30 pm)

Participants who attend this course will gain a basic level of knowledge on investments and investing

strategies, which will enable them to build and better manage an investment portfolio. Each participant will receive a 45-plus page workbook, which reviews each topic covered and provides resources and a glossary for future use.

WORKBOOKS ARE ONLY AVAILABLE TO ATTENDEES.

Managing Credit and Debt Effectively (2:30 pm - 4:30 pm)

Participants who attend this course will gain valuable knowledge and skills needed to build and maintain a good credit record. Each participant will receive a 40-plus page workbook which reviews each subject covered and provides listings of additional resources for future use.

WORKBOOKS ARE ONLY AVAILABLE TO ATTENDEES.

October 21st (Location - SamCERA Board Room, 100 Marine Parkway, Redwood Shores)

Financial Planning for Your Future (Retirement Planning for Young Careers) (8:30 am - 10:30 am)

Participants who attend this course will be able to set up a financial plan for all their financial goals including paying off debts, building wealth, buying a home, saving for children's college, and retirement. Each participants receives a 40-plus page guide to be used in class and for future reference.

WORKBOOKS ARE ONLY AVAILABLE TO ATTENDEES.

How to Invest \$25 a Paycheck (11:30 am - 1:30 pm)

Participants will gain important skills in analyzing their current financial resources, discover many ways small amounts can be invested in stocks, bonds, and mutual funds, and set up a plan of action for achieving all their financial goals. Each participant will receive a 45-plus page workbook, which reviews each topic covered, and provides resources and a glossary for future use.

WORKBOOKS ARE ONLY AVAILABLE TO ATTENDEES.

Estate Planning - Understanding the Basics (2:30 pm - 4:30 pm)

Participants who attend this course will have a greater understanding of the estate planning process in general. Participants will learn about an easy 3-step process to set up an estate plan. In addition, this course will help simplify the terminology and jargon used by the financial planning and legal profession. Each participant will receive a 50-plus page workbook, which reviews each topic covered and provides resources and a glossary for future use.

WORKBOOKS ARE ONLY AVAILABLE TO ATTENDEES.

November 4th (Location - SamCERA Board Room, 100 Marine Parkway, Redwood Shores)

Successful Retirement Living (Retirement Planning for Those Nearing or in Retirement) (8:30 am - 10:30 am)

Participants who attend this course will be able to plan for a successful transition from work life into a comfortable and secure retirement. Each participant receives a 45-plus page guide to be used in class and for future reference.

WORKBOOKS ARE ONLY AVAILABLE TO ATTENDEES.

Money Management (11:30 am - 1:30 pm)

Participants who attend this course will learn how to make better spending decisions, get out of debt, build and maintain a good credit record, and stay on track with all financial goals. Each participant will receive a 40-plus page workbook, which reviews each topic covered and provides resources and a glossary for future use.

WORKBOOKS ARE ONLY AVAILABLE TO ATTENDEES.

Investing for the Clueless (2:30 pm - 4:30 pm)

Participants who attend this course will gain a basic level of knowledge on investments and investing strategies, which will enable them to build and better manage an investment portfolio. Each participant will receive a 45-plus page workbook, which reviews each topic covered and provides resources and a glossary for future use.

WORKBOOKS ARE ONLY AVAILABLE TO ATTENDEES.

Would You Like Any Changes In The Financial Workshops?

Are there any subject changes, timing changes, or other changes you would like to see in *SamCERA's* financial training workshops? The workshops are provided by the Financial Knowledge Network, a private sector financial education firm. FKN has an online survey designed to help them meet your financial training needs. Click on the link below to take the short survey.

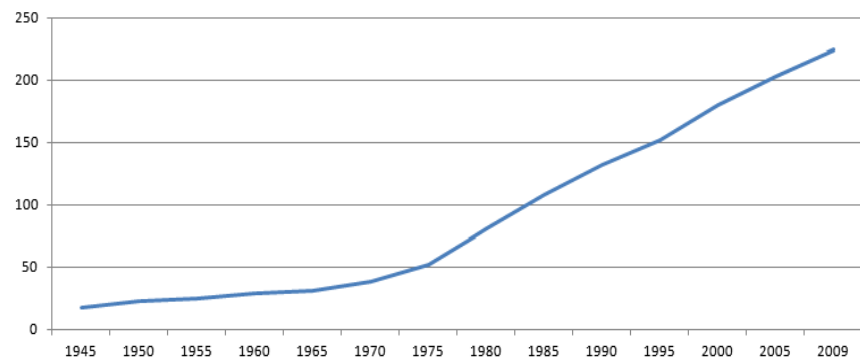
<http://www.financialknowledge.net/survey?i=1>

Both inflation and deflation can drive COLAs

Some concern arose earlier this year because the law requires *SamCERA* (and all other plans governed by the 1937 Act) to reduce retirees' monthly payments if the economic area encompassing their county experiences "deflation." Such reductions have never occurred to our knowledge until this year when deflation did occur in Orange County and the retirement plan had to reduce retiree benefits accordingly. In the Bay Area, however, inflation held sway and *SamCERA* paid a small, but positive, cost of living adjustment (COLA) of ½% to most retirees.

In the event of deflation, reductions in retirement pay would occur in the same manner as increases. The negative COLA, as required by California law, would be based on the Bay Area Consumer Price Index (CPI) as determined by the federal Bureau of Labor Statistics. However, also by law, benefits can never be reduced below the amount a member received when he/she first retired.

Historical Data - Bay Area Consumer Price Index



The law further sets a floor for annual reductions. They can never be more than the maximum increase allowed. For example, Plan 4 members can only receive up to a 2% increase (or decrease) per year.

Inflation, as measured by the Bay Area CPI, has been a very regular occurrence since *SamCERA* first

opened its doors in 1944. But does that mean that deflation is unlikely in the Bay Area?

We know that nationally, economists seem concerned that prices could deflate in the U.S. over the next months and years. Because of its relatively strong economy, the Bay Area is less likely than many areas of the country to experience deflation, but it is a possibility.

For the 2010 calendar year, on which the cost of living adjustments to be made in April 2011 will be based, the data so far indicates slight inflation and positive COLAs. The inflation/deflation calculations of the Bureau of Labor Statistics through the end of August showed prices had inflated a little more than 1%.

Deflation is the last thing the world or U.S. economy needs. When prices across the board begin dropping, consumers wait to make purchases because they expect prices to be lower tomorrow than they are today.

As a result, consumption drops, and prices are forced even lower. That puts downward pressure on company profits and in turn wages and tax revenues for governments.

Hopefully, we won't be discussing deflation again anytime soon.

Bette Stuart: 40 Years Of Service To The Retirement System



Of the many people who have contributed time and effort to making *SamCERA* what it is today, it would be hard to find anyone who has contributed more than **Bette Perroton Stuart**. Bette has been associated with the retirement system in one way or another for nearly 40 years.

In December 1969 Bette went to work for County Treasurer Ross Conti. At that time the Treasurer was the administrator of the retirement system and Bette was the "Retirement Officer," handling the benefits-related responsibilities of the association. Bette served in that position for more than 19 years before retiring in April 1988.

Two years later she ran for and was elected by the retired membership to serve as a retirement board trustee. She was re-elected to serve as *SamCERA's* retired trustee continuously after December 1990. When her last term ended on June 30, 2010, she had served 19 years and 7 months on the Retirement Board. She did not run for an additional term and the membership elected **Paul Hackleman** to the Retired Member seat.

As a member of the Retirement Board, Bette held every board officer position, including

Board Chair from 1996-1998. During her association with the fund, she saw it grow from \$35 million in 1969 to approximately \$1.8 billion today—51 times larger.

As a *SamCERA* employee, a retiree, and a trustee, Bette supported the retirement association with four decades of her time, effort, knowledge and guidance.

Fill Out Survey For Chance At A SamCERA Coffee Mug

SamCERA will soon reopen its annual Customer Services Survey. The survey helps *SamCERA* determine how well it is serving its members. It's an online survey and takes only a few minutes to complete.

All active *SamCERA* members will receive an email asking them to take the survey. If you take the survey you can be eligible for either an official *SamCERA* day planner or coffee mug.

Please make sure to complete the survey by November 19.



At left is the 2006 SamCERA mug. The 2010 mug will be similar but different, making it a true collector's item!

Newsletter End ###