

# *The SamCERA Times*



[www.samcera.org](http://www.samcera.org)

ACTIVE MEMBER EDITION

Spring 2011

## *Investment returns strong amid pension debate*

The “Great Recession,” as it is now frequently called, took a heavy toll on the assets of retirement systems, including *SamCERA*, mainly in 2007 and 2008. Fortunately, the world and U.S. economies have been improving and *SamCERA*'s financial standing is following suit.

For the fiscal year ending June 30, 2010, *SamCERA*'s fund earned 12.80%, and for the calendar year ending December 31, 2010, the fund earned 13.55%. That is good news.

But there is more ground to gain back and employer contribution rates remain at historically high levels. San Mateo County and other *SamCERA* employers are likely to have higher contribution rates for some years to come. To lower costs, the county is negotiating with its bargaining units (as if you didn't know) to place new employees into lower-cost, lower-benefit, retirement formulas. Another step is to require that new employees pay an increased share of the retirement cost.

Public pensions are the subject of debate all across the country. Issues include: benefit levels and actuarial earnings assumptions, both of which impact the costs of a plan.

For the *SamCERA* staff, we believe our proper role is to serve as an objective provider of information. Regardless of who is asking, *SamCERA*'s goal is to provide unbiased information to support a debate based on the facts.

### Inside This Issue

- [\*Investment returns strong amid pension debate\*](#)
- [\*Leaving job due to retirement, layoff or other reason?\*](#)
- [\*The SamCERA Benefits Division Staff \(photos\)\*](#)
- [\*Member-specific information available on county intranet\*](#)
- [\*Board efforts result in portfolio allocation changes\*](#)
- [\*Retiree COLAs to be 1.5% based on 2010 inflation\*](#)

## Leaving job due to retirement, layoff or other reason? We can help.

If you may be leaving your job for any reason, be sure to contact *SamCERA* to consider your options for your pension benefit and your member account. The choices you make will be important for you and your family now and in the future. We want you to make fully informed decisions, and we are ready and willing to help. We will provide information on the phone, via email or with in-person one-on-one counseling. Call us at 650-599-1234. Email us at [samcera@samcera.org](mailto:samcera@samcera.org). Or reach us by postal mail at *SamCERA*, 100 Marine Parkway, Suite 125, Redwood City, CA 94065. You can also get a lot of information on the *SamCERA* website: [www.samcera.org](http://www.samcera.org).

### The *SamCERA* Benefits Division Staff



Joyce Balajadia,  
Retirement Support  
Specialist



Barbara Edwards,  
Retirement Support  
Specialist



Elizabeth LeNguyen,  
Retirement Analyst



Sue Thompson,  
Retirement Analyst



Celedonia Amacker,  
Senior Retirement  
Analyst



Janell LeBlanc,  
Senior Retirement  
Analyst



Gladys Smith,  
Retirement Benefits  
Manager

## *Member-specific information available on county intranet*

Web Member Services (WMS) is an online service that allows members access to their personal *SamCERA* information. For active members, this information includes:

- Plan (tier) you are a member of
- Date of birth (to update, contact your payroll clerk/officer)
- Employer of record
- Employment date (to update, contact your payroll clerk/officer)
- Years of service
- Employee contributions
- Employer pickup of your contribution (if any)
- Interest earned on contributions to your account
- Total account balance
- Named beneficiaries for your account (to update, contact *SamCERA*)
- Your home address (to update, contact your payroll clerk/officer)

WMS also includes a **Benefit Estimator** in which you can project your years of service, final average salary, etc. You can also have WMS produce a **member statement** as of any date you specify, up to the present.

WMS is only available through the county intranet at <http://retweb.co.sanmateo.ca.us/>.

To access WMS, you'll need your SSN, and a PIN. If you don't have a PIN, contact *SamCERA*. If you have forgotten your PIN, go to the WMS site where you can have your PIN sent to your email address.

The data is updated biweekly, so if you request a change to your account, it won't be reflected in WMS right away. Most data must be updated by contacting your department's payroll clerk or payroll officer.

## *Board efforts result in portfolio allocation changes*

The Retirement Board spent the better part of the last two years positioning the fund to take full advantage of the recovering economy by improving the diversification of the fund and adding top tier fund managers.

To meet this challenge, the trustees embarked on a study to restructure the fixed income portfolio and reassess the mix of investment categories for the total portfolio.



The fixed income restructuring resulted in the addition of a Public-Private Investment Program (PPIP) mandate, a U.S. Treasury Inflation Protected Securities (TIPS) mandate, a Credit Opportunities mandate and a Global Bond mandate, all of which added nicely to the diversification of the fixed income portfolio. Since implementation, those strategies have also added nicely to overall performance.

*SamCERA* completed its study in August 2010. The study resulted in a total portfolio allocation that adds alternative investments. The new allocation is 53% equities, 22% fixed income, 20% alternatives and 5% real estate. The new alternatives portfolio will be constructed with 40% private equity, 30% risk parity, 15% hedge funds and 15% commodities. It will take a couple of years to fully implement some of the alternative strategies.

*SamCERA* believes the portfolio changes will reduce risk and increase returns. This has been the case over the short period in which some of the strategies have been implemented. We will keep you posted as these investments establish a longer track record.

## ***Retiree COLAs to be 1.5% based on 2010 inflation***

The Bay Area experienced low inflation during 2010 according to the U.S. Bureau of Labor Statistics, resulting in a 1.5% Cost Of Living Adjustment (COLA) for nearly all *SamCERA* retirees and beneficiaries. The increase was effective on the April 2011 benefit payments.

COLAs are calculated according to California law, which requires them to be based on the change in the annual Consumer Price Index (CPI) for the San Francisco-Oakland-San Jose area as determined by the federal Bureau of Labor Statistics. The law also requires the amount to be rounded to the nearest one-half of one percent.



This year the Bay Area CPI, as validated by *SamCERA's* actuarial firm, Milliman, Inc., showed a 1.37% increase. Per law this number was rounded to 1.5%. This will be the COLA applied for nearly all retirees. Members who retired on or before April 1, 1969, (yes, there are a few) will receive a 3% COLA.

## ***SamCERA 101: How do COLAs work?***

Cost of Living Adjustments (COLAs) are increases or decreases to retiree benefit payments, designed to partially offset the effects of inflation or deflation on retiree purchasing power. They are calculated at the end of each calendar year and adjustments are made to retiree payments each April.

COLAs can increase or decrease, depending on whether the Bay Area experiences inflation or deflation. However, each member's pension will never go below the basic benefit allowance the member received when they first retired. *SamCERA* has not been required to implement a reduction in benefits due to deflation in the past 66 years (when *SamCERA* began).



COLAs depend on the dates members were hired. All COLAs are based on the Bay Area Consumer Price Index.

Plan Four. Plan Four members were hired after July 12, 1997. These members either chose Plan 4 or were defaulted to Plan Four because they did not make a choice. Plan Four members are eligible for up to a 2% COLA each year. At the end of the last fiscal year, *SamCERA* had 3,696 active and 115 retired Plan Four members.

Plan Three. Plan Three members are those who chose this plan after it was first offered in 1983. Plan Three requires no member contributions, but has lower retirement benefits than any other plan. Plan Three retirees are not eligible for Cost of Living Adjustments. FY 2009-10 data shows 150 active and 90 retired Plan Three members.

Plan Two. Plan Two members were hired on or after July 6, 1980, and before July 13, 1997. Plan Two retirees are eligible for no more than a 3% COLA each year. *SamCERA* had 1,409 active and 1,411 retired Plan Two members at the end of the last fiscal year.

Plan One. At fiscal year end, *SamCERA* had only 92 active members in Plan One. These employees were hired before July 6, 1980. They can receive up to a 5% increase per year if inflation in the Bay Area reaches that high. In years during which inflation is higher than 5%, the excess over 5% is recorded in "COLA Banks." The percentages in the banks are used to calculate COLA payments to Plan One members in years in which inflation is less than 5%. This year, the COLA banks for all Plan One retired members (2,386 retirees) were exhausted. In other words, the percentages in their banks were paid out as part of this year's COLAs and the banks are now empty. No other plans have COLA banks.