



COUNTY CREATES NEW PLAN FOR NEW EMPLOYEES

New permanent employees hired after July 12, 1997, will be offered the County's new Plan 4. Plan 3 will still be available for General members.

SamCERA's Service Retirement Benefit is based on a simple formula: **An Age Factor x Highest Average Compensation x Years of Service**. Plan 4 uses the highest three-years' compensation when calculating the benefit and pays up to 2% per year in post-retirement cost-of-living allowances. The following table compares *SamCERA's* four plans:

PLAN	1	2	3	4
Hired Before	7/80	7/97	Open	Open
BENEFIT FACTOR AT AGE 50				
General	1.18%	1.18%	0.00%	1.18%
Safety/Probation	2.00%	2.00%	N/A	2.00%
BENEFIT FACTOR AT AGE 60				
General	1.92%	1.92%	<1.2%	1.92%
Safety/Probation	2.62%	2.62%	N/A	2.62%
YEARS OF HIGHEST MONTHLY COMPENSATION				
General	1	1	3	3
Safety	1	1	N/A	3
Probation	3	3	N/A	3
MAXIMUM ANNUAL COST OF LIVING ALLOWANCE				
General	5%	3%	0%	2%
Safety	5%	3%	N/A	2%
Probation	3%	3%	N/A	2%

Plan 4 emerged out of intense contract negotiations between the County and the Unions. Plan 4 preserves *SamCERA's* outstanding Defined Benefit Retirement program for the Unions' members and remains comparable to other California public plans.

COUNTY SOUGHT DEFINED CONTRIBUTION PLAN

During contract negotiations, the County sought to convince the Unions to approve a new Defined Contribution Plan for new employees. The County also wanted the new plan to be open to current employees. The County argued that *SamCERA's* benefits are overly generous, our employer contributions are too high, employees should be able to direct the investment of their own retirement accounts and terminating employees should be able to take their retirement plan with them.

The Union bargaining teams expressed grave concerns about the fact that Defined Contribution Plans transfer all of the risks from the County to the employee. If the employee does not choose the right investment options, or the markets fail, or the employee lives too long, then the employee may wind up without enough retirement income.

Dennis Cosgrove, a member of the Board of Retirement and President of the Probation & Detention Association, noted that "*SamCERA's* Defined Benefit Plans place the burden for the payment of benefits on the County. Over the years, our Unions have always supported the need for a solid retirement program."

Cosgrove stated that "Our Unions' members appreciate the guaranteed benefits which *SamCERA* provides. They know that *SamCERA's* program of reciprocity with other California public retirement plans gives each employee the chance to link retirement benefits from plan to plan."

"Guaranteed lifetime Defined Benefits are critical for our members. We don't want them forced to work beyond their expected retirement age due to Defined Contribution shortfalls," Cosgrove concluded.

2.5% COST-OF-LIVING INCREASE EFFECTIVE IN APRIL 30TH BENEFIT PAYMENT

Most retirees will receive a 2.5% increase in April. The Board of Retirement adopted the actuary's recommended cost-of-living increase on February 20th. The increase is based on the 1996 change in the San Francisco Bay Area Consumer Price Index and is governed by the *County Employees' Retirement Law of 1937*.

Retirees who came to work for the County before July 6, 1980 are in **Plan 1**. Plan 1 members are allowed to accumulate a COLA Bank when inflation exceeds 5%. As a result of the balances in their COLA Banks, General & Safety Plan 1 members who were retired as of April 1, 1990, will receive a 5% COLA; and members who retired between April 2, 1990 and April 1, 1991, will receive a 3% COLA. Probation Plan 1 members who were retired as of April 1, 1991 will receive a 3% COLA.

Members who belong to the County's noncontributory **Plan 3** are not entitled to cost-of-living increases under the terms of their plan.

All other retirees who were retired as of April 1, 1997, will see a 2.5% increase added to the benefit payments which will be disbursed April 30th.

JUNE 9TH WILL BE ELECTION DAY

William Jackson, head of the County's Elections Division, will conduct two elections for *SamCERA's* Board of Retirement this Spring. General members will be given an opportunity to elect one trustee and Safety & Probation members will be given an opportunity to elect one trustee. The Notice of Election will be distributed to job sites during the first week in April. Election Day will be June 9th.

Michael E. McMahon is the General Member and Dennis J. Cosgrove is the Safety Member whose terms expire in June.

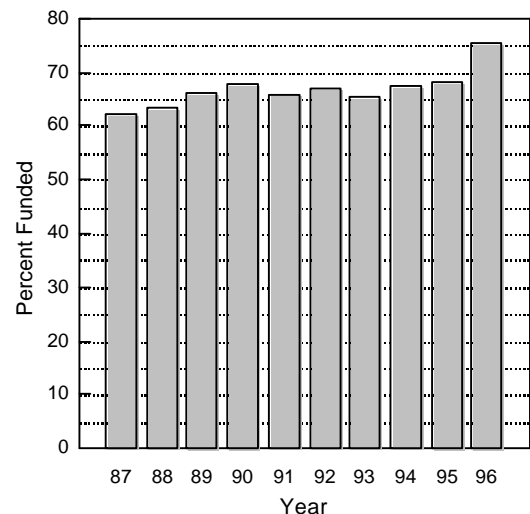
Both incumbents have indicated that they intend to run for reelection.

ACTUARY REPORTS *SAMCERA* STRONGER THAN EVER

The actuary reports that the ratio of *SamCERA's* assets to liabilities has dramatically improved. William M. Mercer, Inc., submitted its annual *Actuarial Valuation Report* to the Board of Retirement on February 4th.

The Report indicates that ***SamCERA's* Actuarial Assets equal 75.6% of our Actuarial Accrued Liabilities**. The following Chart shows the history of *SamCERA's* Funding Ratio over the past ten years:

***SamCERA's* Funding Ratio**
Actuarial Assets/Actuarial Accrued Liabilities



The Board will continue to monitor *SamCERA's* strength every year. Current plans call for *SamCERA* to be 100% Funded by December, 2012.

LONG-TERM CARE INSURANCE AVAILABLE APRIL 1ST

April 1st is the first day of this year's Open Enrollment period for the California Public Employees' Retirement System's Long-Term Care Insurance Program. You will receive a brochure within the next few weeks encouraging you to learn more about the program.

PERS' Long-Term Care Insurance is available for you, your spouse and your parents. The PERS' plan is ranked among the top-ten long-term care programs in the country.

***SamCERA* RETIREE & BENEFICIARY DIRECT DEPOSIT AUTHORIZATION**

I hereby authorize *SamCERA* to deposit my monthly benefit by electronic funds transfer into the following account, to initiate credit entries and to initiate, if necessary, debit entries and adjustments for any credit entries made in error to the account.

Type of Account: <input type="checkbox"/> Checking <input type="checkbox"/> Savings	Name, Address & Telephone Number of Financial Institution	Account Number
<input type="checkbox"/> I have enclosed a Check with the word "Void" written across the front.		
Your Social Security Number:	Your Name (Please Print):	
Your Signature:	Date:	Your Telephone Number:

ITS SAFE, ITS EASY, ITS CONVENIENT & IT SAVES *SamCERA* TIME & MONEY

Its Direct Deposit! More than 75% of *SamCERA*'s retirees let their bank, credit union, or savings & loan take care of their retirement checks. Those member's never complain about a check getting lost in the mail. Their benefits go exactly where they tell us to direct them -- every time, on time. Direct Deposit allows *SamCERA* to send your retirement check electronically to your financial institution.

Beginning in July, every **new** retiree will be required to use our Direct Deposit Service.

A recent news report indicated that the theft of Social Security checks is the most common crime against retirees. Well, with Direct Deposit you can relax. Social Security reports that none of its Direct Deposits has ever been lost. *SamCERA* is a lot smaller than Social Security, but Direct Deposit of your *SamCERA* benefit works just as safely.

Direct deposit is easier and more reliable than sending checks through the mail. Its a great way to add security and convenience to your deposits.

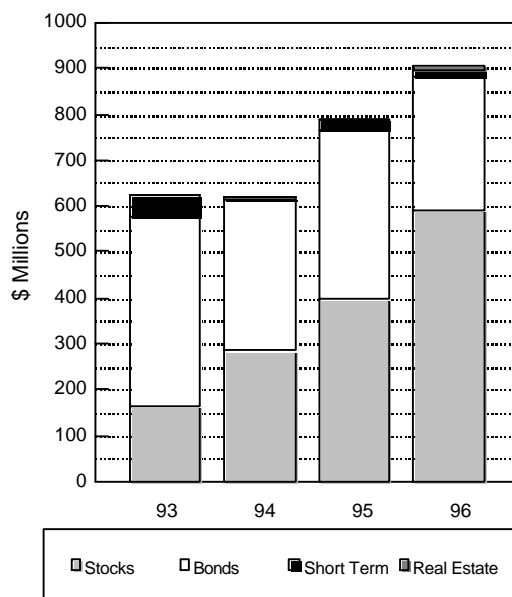
If you are a retiree who is not using our Direct Deposit Service, please complete the form at the top of this page & return it to us so that we can sign you up for Safe, Easy, Convenient & Efficient Direct Deposit.

***SamCERA* TOPS \$900 MILLION ON DECEMBER 31ST**

Your Retirement Fund investments have benefited from the strength in the stock market over the past year. *SamCERA*'s stock portfolio returned 20.3% and the bond portfolio returned 7.9% for the year. **Overall *SamCERA*'s investments returned 14.8% during 1996.**

On December 31, 1996, the Retirement Fund had a Market Value of \$904.8 Million, an increase of \$116.2 Million over December 31, 1995.

Retirement Fund Growth *Market Value at December 31st*



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with a yellow label from the Post Office,
please drop us a note to change your
address on our records*

SamCERA's COMMITMENT TO MEMBER SERVICE & THE PRUDENT INVESTMENT OF YOUR RETIREMENT FUND CONTINUE TO BE OUR HIGHEST PRIORITIES

Twenty-First Century," McMahon concluded.

The Board's *Strategic Services Plan* is on track. The Board of Retirement reviewed its recent accomplishments and its plans for the future during the Board's January Planning Workshop.

Speaking for the entire Board, Michael McMahon noted that things had come a long way since he joined the Board in late 1993.

"Our Board has devoted a great deal of time and energy to the development of our *Investment Plan*. Everyone can take pride in the effort that has gone into making sure that our Retirement Fund is invested in the most appropriate assets. We have been fortunate that the market has been good to us during the transition to our new investment managers, but we can also feel good about what we have accomplished for our members," McMahon stated.

"Our staff has been conscientious and diligent in its efforts to be accessible and responsive to our members' needs. The Board is very happy with the staff's professionalism and its ability to adapt to the ever changing challenges of our current environment. We are already looking forward to the

WILLIAM R. COTTLE JOINS THE BOARD OF RETIREMENT

The Board of Supervisors has appointed William R. Cottle to the Board of Retirement. Mr. Cottle is a long time resident of Redwood City. He has been a consultant to pension plans for many years and is currently a principal in the firm of Dorn, Helliesen & Cottle, Inc., in San Francisco.

Four members of the Board of Retirement are appointed by the Board of Supervisors to three year terms. The appointees must live in the County.

Mr. Cottle replaces Todd Doersch, who moved from Redwood Shores to Darien, Connecticut to take charge of the pension consulting services offered by his firm, Rogers Casey Sponsor Services.

YOUR *SamCERA* BOARD OF RETIREMENT

BETTE PERROTON STUART, Chair

TOM E. BRYAN, Secretary

LAURYN AGNEW BIERDEMAN

LEE BUFFINGTON

JOHN J. CARBERRY

DENNIS J. COSGROVE

WILLIAM R. COTTLE

MICHAEL E. MCMAHON

JOHN B. SEGALL