

San Mateo County Employees' Retirement Association

The SamCERA Times


www.samcera.org

ACTIVE MEMBER EDITION

Fall 2011

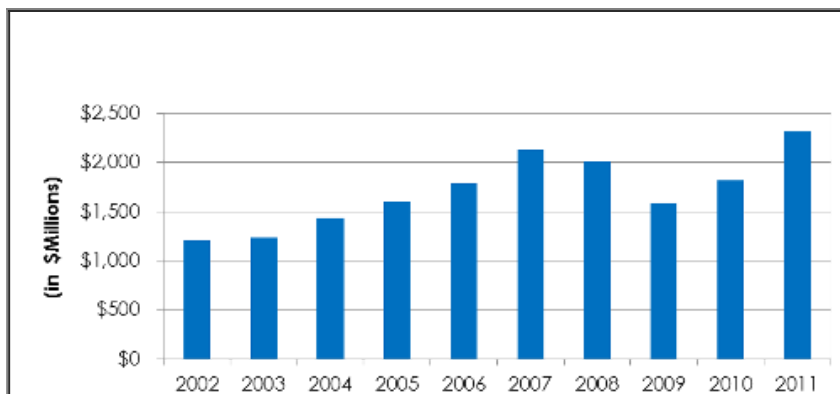
SamCERA's portfolio has upper tier year

SamCERA's annual earnings as of June 30 were among the best in the nation. At the fiscal year end SamCERA's earnings were 23.9%, which placed the fund's gains in the top 15% compared to other public pension plans nationwide, and greatly exceeded the long term assumption that the fund will earn an average of 7.75% per year.

Of course, the financial markets have had some volatile months since June as investors worry about whether leaders in Europe and the United States will have the will to address their debt issues.

For its part, SamCERA's board continues to put in long hours to further diversify the fund and position it to do well in today's rapidly evolving world economy.

This year's strong earnings brought SamCERA's total fund balance to approximately \$2.3 billion, up from \$1.8 billion last year.



SamCERA's Net Assets: The total size of SamCERA's portfolio has rebounded to the highest level in ten years.

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SamCERA Retirement Board: New trustee appointed

Michal Settles was appointed by the Board of Supervisors in June 2011 to fill the vacant, unexpired

term of the ninth member. Ms. Settles is a business professor at the City College of San Francisco. For 10+ years she served as the chair of the San Francisco Bay Area Rapid Transit District (BART) Investment Plans Committee.

Ms. Settles joins eight other trustees on the *SamCERA* Board: Albert David (Chair), Sandie Arnott (Vice Chair), Natalie Kwan Lloyd (Secretary), Eric Tashman, David Spinello, Paul Hackleman, Benedict Bowler, and Lauryn Agnew. The alternate trustees are Alma Salas (Safety Alternate), and John Murphy (Retiree Alternate).



Michal Settles

Free financial planning and retirement classes for SamCERA members

Can there be a better financial opportunity than free education about money management? That's what *SamCERA* offers with its financial planning workshops—free for *SamCERA* members and their spouses or domestic partners.

The workshops are taught by professional financial trainers. The classes consistently receive "excellent" evaluation scores from *SamCERA* members, and they are offered in convenient one- and two-hour segments at various locations around the county.

These classes count toward your 20-hr training target.

Upcoming courses

Money Management

November 3, 2011 (8:00 am – 11:00 am)

Location: 100 Marine Parkway, Redwood Shores, *SamCERA* Board Room

Fine-Tuning Your Taxes

November 14, 2011 (9:00 am – 10:00 am)

Location: 455 County Government Center, Room 101

Retiring With the Money You Need

November 14, 2011 (10:00 am – 11:00 am)

Location: 455 County Government Center, Room 101

Tax Planning Strategies

December 1, 2011 (8:30 am – 10:30 am)

Location – 100 Marine Parkway, Redwood Shores, *SamCERA* Board Room

HOW TO REGISTER/ENROLL

FEATURED CLASSES: *Back by popular demand!*

Smart Spending Strategies for the Holidays

November 3, 2011 (noon – 2:00 pm)

Location: 100 Marine Parkway, Redwood Shores, *SamCERA* Board Room

Participants who attend this course will gain valuable tips on how to keep their holiday spending under control. Each participant will receive a 35-plus page workbook, which reviews each subject covered and provides useful planning worksheets.

Successful Retirement Living

December 1, 2011 (11:30 am – 1:30

1. Make your request through the LMS My Personal and Health and Well-Being (Private) Site

pm)
Location – 100 Marine Parkway,
Redwood Shores, SamCERA Board
Room

Participants who attend this course will be able to plan for a successful transition from work life into a comfortable and secure retirement. Recommended for those who want to take charge of their financial future as they approach or enter retirement. Each participant receives a 45-plus page guide to be used in class and for future reference.

(<https://sanmateocounty.csod.com/client/sanmateocounty/default.aspx>).

2. Select the **My Personal Health and Well Being (Private) Site** and enter your user name. Your user name is your employee ID number prefixed with the letter 'x'. Example: x000012345.

3. Classes are listed in the **Events Calendar** under *SamCERA*. Example: *SamCERA: Successful Retirement Living*.

NEED MORE ASSISTANCE?

Contact your department's [LMS Administrator](#). If your Administrator is unavailable, please call *SamCERA* at x1234.

Verify the information on your Annual Member Account Statement

SamCERA Annual Member Account Statements were mailed to members' homes in September. Your statement shows the information that *SamCERA* has on file for you. This information is used to determine the amount of money you contribute to your retirement while you're working, and the benefit amount you'll be paid when you retire. It's important for you to confirm several things:

Your Age. Your age 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. Your age is also important because the amount of your retirement benefit will be based in part on your age at retirement.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Your Annual Member Account Statement **SamCERA**

John Q. Smith
123 Main Street
Redwood City, CA 94065

SamCERA
100 Marina Parkway, Suite 120
Redwood Shores, CA 94065

Understanding Your Annual Member Account Statement

Member Account Balance Your SamCERA retirement fund balance (the number in the lower right corner of the table below) includes your contributions and any employer-paid part of your contributions, if applicable, since the start of your membership in SamCERA, plus all interest credited to your account. Your balance is current as of June 30, 2011.

Your Member Account Balance			
	Balance, June 30, 2010	Additions for Fiscal Year 2010-2011	Balance, June 30, 2011
Member Contributions	\$100	\$100	\$200
County Pick-Up of Member Contributions	---	---	---
Interest Credited	\$100	\$100	\$200
Total	\$200	\$200	\$400

Your Member Data	
Age as of June 30, 2011	Beneficiary of Record
45	John Smith
SamCERA Tier	
Tier 1	
Years of Service	
10 years, 3 months, 4 days	
Maximum Annual Retirement Cost of Living Adjustment (COLA)	
5%	See "Name Your Beneficiary Information Center" on the next page for more information.

Cal. SamCERA 680399-1204 Page 1 of 2 You Also See 1-800-338-0761

Incorrect age can result from a number of causes, but the most common is probably data entry errors. 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's important to make sure *SamCERA* knows your correct age as of the date you entered the retirement plan. Your age is now shown on all member statements.

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 primary 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 (SSN) 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.

Your employment information and member status. Your statement lists the service time *SamCERA* has on record for you, your tier or plan, and the maximum cost of living allowance you will be eligible for once you retire.

Check all of this information carefully and let *SamCERA* know immediately if anything appears incorrect. The statement will tell you how you can contact *SamCERA* to correct any problems. The sooner inaccuracies are corrected the better. Please note that members of Plans 1, 2, and 4 should have received statements. Plan 3 members don't have member accounts and, therefore, don't receive statements.

Important: The statement will also show you the dollar value of your account as of June 30, 2011 (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 of money from your employer is contributed 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.

Members living longer will prompt small contribution increase

Every three years, *SamCERA's* actuarial firm, Milliman, Inc., conducts an Experience Study. In the study the firm looks at the demographic trends of the member population and, if needed, adjusts assumptions about things that can affect contribution rates—like member longevity and salary trends.

The significant recommendations of the 2011 Experience Study are regarding longevity. *SamCERA*'s data shows that males are living longer than has been assumed in the past. Milliman has suggested a change in the mortality assumption to reflect this finding.

The recommended changes will add an estimated 0.6% of payroll to the employer contribution rate for the 2012-13 fiscal year. The changes will also increase member contributions. All member increases will be less than 1.0% of pay and in most cases well less than that amount. The member rate changes will be effective in fiscal year 2012-13.

Retirement Board holds employer contribution rates steady for second year

Last year, although the actuarial valuation process produced a slightly lower average employer contribution rate, the Retirement Board, with support from the San Mateo County Manager, approved a recommendation that the employer contribution rates be maintained at their level from the prior year. This was because actuarial estimates of longer term contribution rates were significantly higher due to the need in future years to recognize losses deferred from prior years.

This year, although conditions have significantly improved, the Retirement Board again determined that it would be prudent to hold employer contribution rates at their current level. County leadership and *SamCERA*'s actuary, Milliman, Inc., supported this decision.

SamCERA CEO David Bailey stated in a memo to the board, "During this extraordinary time for the world economy, staff believes it is again reasonable to maintain employer contribution rates at their current level...Maintaining the current rates will lower the level of expected future increases and continue to steer *SamCERA* on a path toward greater fiscal strength."

New plans for new hires

New San Mateo County employees joining *SamCERA* this fall and beyond will choose from several new plans. After San Mateo County concluded most of its negotiations with its bargaining units, the resulting agreements will reduce retirement formulas for new hires and shift some costs.

For most new hires, pension formulas will be at the levels they were at prior to the implementation of enhanced formulas in 2005. Most new hires will also pay 50% of the actuarially determined COLA cost, and in some cases there is additional cost sharing.

Social Security no longer mailing annual statements



Some of you may have noticed that the Social Security Administration (SSA) is no longer mailing your annual Social Security Statements, which list your lifelong earnings record and an estimate of your expected retirement benefit. The SSA made the move to paperless statements this year in a cost-saving measure—it estimates that suspending the mailings should save at least \$30 million a year.

What this means for you

Although SSA plans to eventually resume mailing statements to workers age 60 and over, you will need to use their online tool to access your statement information. Visit the SSA retirement estimator website for more information: <http://www.ssa.gov/estimator/>