

SDCERA

Strength. Service. Commitment.

News

2007
April . May . June

Board of Retirement approves health policy

The Board of Retirement recently approved a policy which would create a supplemental benefit allowance for General, Tier A members and Safety members covered by the 3% at age 50 benefit formula, beginning July 1, 2007. The policy would also maintain the current health allowance for retired Tier I and Tier II members, using existing eligibility criteria, as well as modify the STAR COLA policy (a cost of living adjustment) to make it a permanent part of the retirees' allowance for those currently receiving this benefit.

The San Diego County Board of Supervisors is expected to consider this matter at an upcoming meeting.

All SDCERA members will receive a letter from SDCERA following the pending decision by the Board of Supervisors, with details specific to their member classification. We will also continue to update our web site, at www.sdccera.org.

SDCERA retools seminars

New seminars align information to members' life and career stages

Whether planning for a retirement date many years away or one in the near future, beginning this fall, SDCERA will offer seminars tailored to your needs.

If retirement is years away, you have the advantage of time: taking small steps now will enhance your financial security in retirement. If you're close to retirement, you are probably more interested in understanding the retirement process and the decisions you'll need to make. The new life and career cycle approach to seminars, will provide the information you need at each stage.

The seminars were retooled based on member feedback. Service retirement meeting attendees are currently asked to submit their retirement application at the end of the presentation. Many members want more time to think about their choices and also want to hear from other County benefit programs. The new late-career seminar accommodates those needs.

In addition, the mid-career seminar will replace the existing retirement planning workshop and encourages members to attend earlier in their career.



Studies show Americans spend more time planning their two-week vacation than they do their retirement. Retirement is a "vacation" that lasts up to one-third of your life and a little planning can ensure that time is enjoyable and secure. Attending an SDCERA seminar is a good first step.

Mid-career seminar

If you're about three to 10 years from retirement, attend the mid-career seminar to assess and improve your financial security. You will learn about how your SDCERA retirement benefit is calculated. A comprehensive financial planning presentation will help you estimate your financial needs. The County's Deferred Compensation Program presenter will explain how to use this tax-deferred investment to provide an additional source of retirement income. You'll learn what plans you can make while you're working so you will have a comfortable, secure retirement.

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Late-career seminar

When you are approximately six to 12 months from retirement, you are encouraged to attend the late-career seminar to learn about the choices you need to make at retirement regarding your SDCERA benefit, Deferred Compensation, health insurance, and Social Security. By attending six to 12 months before you retire you'll have time to consider your options and you'll feel confident when you make your decisions.

SDCERA will no longer ask you to complete your application at a seminar. When you begin preparing for your upcoming retirement, simply request a retirement application packet from SDCERA. Complete the forms at home and return them to SDCERA by U.S. mail no earlier than 60 days before your retirement date.

Future seminar plans

These mid- and late-career seminars are phase one. In the future, SDCERA will expand services to retirees and those in the early stages of their careers. Watch for announcements of those events in future issues of this newsletter and on our web site.

Seminars at a glance

Mid-career seminar

- Attend three to 10 years from retirement
- Learn about financial aspects of retirement:
 - your SDCERA benefit
 - deferred compensation
 - financial planning



Late-career seminar

- Attend six to 12 months from retirement
- Understand the decisions you need to make at retirement regarding your SDCERA benefit, deferred compensation, health insurance and Social Security

To enroll in a seminar, contact the Call Center at 619.515.6800.

To view available seminar dates, visit www.sdcer.org and click Seminars and Workshops.

Retirement application request

- Request 60-90 days from retirement date
- Submit application within 60 days of retirement date
- No seminar or meeting required

To enroll in a seminar, contact the Call Center at 619.515.6800.

General member board election results

Garry A. Soebeck, the incumbent for the Board of Retirement's third seat, ran unopposed in the General member board election in April. As a result, Soebeck was officially appointed May 15 to a consecutive term. Mr. Soebeck's new term will expire June 30, 2010.

SDCERA congratulates Garry on his second term. We look forward to Garry's continued work as a valuable and committed trustee on the Board of Retirement.

“An ounce of prevention” still the best advice

In today's busy world, it's become commonplace that people see their doctor only when they have to—that is, when they are sick. Often, this approach means we can miss lifesaving opportunities that prevent health problems, or at the very least catch them in their early stages when they can be treated most easily.

Use your health plan to your advantage

Americans who are fortunate enough to have health insurance often do not take advantage of the range of screenings, tests and other preventive measures available to them. Most group insurance plans offer some level of maintenance-type screenings. Start by asking your doctor about screening tests recommended by the American Cancer Society, American Diabetes Association, and American Heart Association.

The following list names some of the tests recommended for people considered to be at average risk:

Blood pressure check Check at each regular health care visit.
Body Mass Index (BMI) Check at each regular health care visit.
Clinical breast exam (CBE) and mammography Get a CBE every three years until age 40, then yearly with your mammogram.
Female pap test Have one every year from age 20 to 30; at age 30 and beyond, get screened every one to three years depending on the type of test and pap results.
Cholesterol check Starting at age 20, get tested every five years.
Blood glucose (sugar) test Starting at age 45, have your fasting blood glucose checked every three years.
Colon screening Starting at age 50, get screened every one to 10 years, depending on the type of test.
Prostate exam Also beginning at age 50, ask your doctor about the pros and cons of testing.



The family tree

Your family history and other information can also dictate which tests are best for you and at what age. Certain forms of diabetes, cancer, heart disease and stroke can run in some families. Having accurate information about the health problems among your closest relatives will help your doctor determine whether you need to be especially cautious about preventing certain diseases through lifestyle changes or medication.

Take the reins

In addition to enlisting the help of your physician in determining the appropriate screening, you can also start the prevention process immediately with simple lifestyle adjustments. Eating a healthy diet, getting adequate physical exercise and maintaining a healthy weight are three key steps you can take toward getting ahead of the curve when it comes to prevention. Your physician is an excellent resource to help you determine your nutritional needs, outline a realistic exercise plan and determine your optimum weight.

For more information on preventive steps you can take, visit www.everydaychoices.org, a web site sponsored by the American Heart Association, the American Diabetes Association and the American Cancer Society.

SDCERA member survey yields positive feedback



In an ongoing effort to gather insight and feedback from our members, SDCERA recently completed a comprehensive membership survey to ensure we continue to meet—and exceed—our members’ expectations. Similar to the comprehensive survey conducted in 2004, this survey included a detailed telephone poll designed specifically to measure the results of our current communication efforts.

Overall, member feedback revealed that SDCERA is getting the job done; 75% of all members surveyed believe the frequency of communication from SDCERA is ideal, with 25% asking for more communication.

The results also indicated SDCERA is answering the call to give members more of what they want. A previous survey found that active members—particularly those over age 54—desired more communication from SDCERA, in many cases because they are nearing retirement. As a result, SDCERA launched an electronic newsletter last year for active members, who receive it via e-mail at work. The recent survey showed an increased number of active members who were pleased with the amount of communication they receive, indicating our electronic newsletter is beginning to fill the need. SDCERA will continue to find innovative ways to bring more communication to our active population.

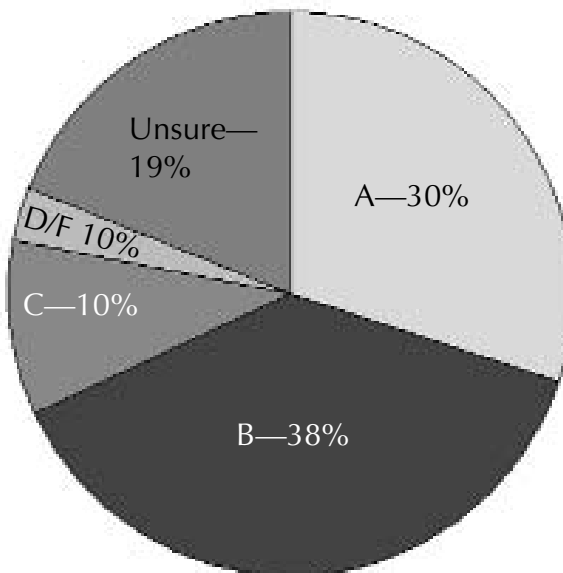


Varied findings throughout the survey also revealed that SDCERA is dealing with two distinct groups: active members and retired members, both with different needs. Results from each group illustrated that their opinions of (and experience with) SDCERA are different enough to treat them as separate groups when it comes to communication. The 2004 survey yielded similar results, and SDCERA has responded by providing more targeted communication vehicles for these separate groups, such as the electronic newsletter, the *Now that You are Retired* booklet and an improved web site that segments information into active, retired and deferred sections.

Members gave SDCERA good grades for overall performance, illustrated in the chart at right. SDCERA received an A or B grade from nearly 70% of the members surveyed.

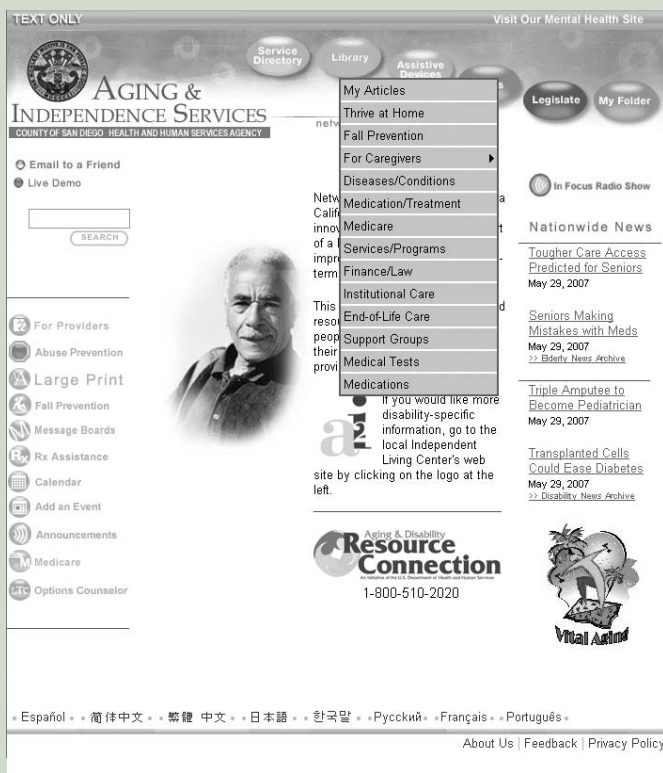


Visit www.sdcera.org and click the **News and Media** section to read the complete survey.



SDCERA's overall grades

New “Network of Care” web site from AIS



Aging and Independence Services, a County of San Diego agency that provides services to older adults as well as persons with disabilities, recently added a new resource to its repertoire.

The agency has launched its local “Network of Care” web site, which offers valuable information to seniors, as well as their dependents and caregivers. The web site’s library contains a host of useful information on topics such as fall prevention, the fight against financial abuse, Medicare and prescription drugs.

Network of Care is a public web platform developed with grant money by the California Department of Aging. In 2000, the County of

San Diego purchased the platform, then added information specific to San Diego County.

The web site features several highlights designed to simplify the information-gathering process for viewers:

- The LTC (Long-Term Care) Options Counselor icon leads viewers to a special section offering long-term care advice. The section provides detailed information on types of long-term care available, as well as caregiving and planning for long-term care both legally and financially.
- The Service Directory is a comprehensive database of local resources for services such as legal issues, financial assistance and vision and hearing care.
- Fall Prevention, RX Assistance and Assistive Devices are three sections that contain valuable information on each of these specific topics, including an online video on fall prevention, and links to manufacturers of a wide variety of assistive devices such as hearing aids, therapeutic aids and orthotics.
- Organize important information on the site using a “My Folder” function, an online file where you can store medical, legal and financial information, to access it personally and share with family members.

To learn more, visit the web site at:
<http://sandiego.networkofcare.org/aging/home/index.cfm>.



Legislative Highlights

Bills under consideration

AB 775 Retiree Reemployment

SDCERA retirees may work for the County of San Diego up to 120 working days or 960 hours, whichever is greater, in a fiscal year without interruption of retirement benefits. This bill would prohibit these retirees from working for the County if they have received unemployment insurance payments within the last 12 months as a result of

previous County employment. If passed, retirees who are working in violation of this rule would be required to terminate County employment on the last day of the current pay period and would not be able to reemploy with the County for a period of 12 months.

AB 552 Controlled rates for health insurance

This bill would provide retirees, who participated in an employer group health plan for at least 10 years as active members, the option to elect health coverage at a rate that does not exceed 102% of the active employee rate. The bill would also permit a

county board of supervisors to provide that coverage to a member of a county retirement system who participates in an employer group health plan for less than 10 years.

AB 1288 Vision care

The State Association of California Retirement Systems (SACRS) sponsored this bill, which would give 1937 Act retirement systems (such as SDCERA) the ability to contract with the Department of

Personnel Administration (DPA) to offer vision care for retired members and their dependents.

For more information, visit the California legislative information site at www.leginfo.ca.gov



Answers to Frequently Asked Questions

I've heard I can use money from my 401(k) to purchase retirement service credit. Is this true?

Yes. Members may take advantage of the rollover provision by using money from an eligible tax-deferred plan to purchase eligible service credit. Plans and IRAs that can be used to purchase SDCERA service credit include a California §457 deferred compensation plan; governmental §403(b) plans; qualified §401(a) plans (including a defined benefit plan, §401(k) or Keogh); and eligible Individual Retirement Accounts (IRA or Conduit IRA).

Early withdrawal distributions are generally subject to tax penalties; however, a rollover/transfer used to purchase service credit will remain tax-deferred and will not be subject to income tax until it is paid out in the form of monthly benefits or a refund. Check with your plan's/IRA's administrator and your professional tax advisor to determine if your rollover/transfer will be subject to tax.

It is important to evaluate the cost of making a service credit purchase against the resulting increase to your estimated monthly retirement benefit. Determining how long it will take you to recover the dollars you paid to make the purchase can help you decide if it's an option you wish to pursue.

Not all members are eligible to purchase service credit. To determine if you are eligible, go to the Forms and Publications section on www.sdcera.org and read the *Service Credit* fact sheet; you may also contact the SDCERA Call Center for more information.

I am retired and collecting a retirement benefit. What will my family need to do in the event of my death?

There are specific steps that survivors must take following a retired member's death. First, someone must notify SDCERA of the member's death. It is important that the individual provides the deceased member's name, date of death, Social Security number and the state and county in which the member died.

Also, SDCERA will need to know the names address, telephone number, Social Security number, date of birth and marriage date of the deceased member's spouse or registered domestic partner. Also, if an attorney is involved, please provide that person's name and contact information as well.

Once SDCERA is notified of a member's death, the deceased member's file is reviewed and a letter is sent to the person(s) who may be eligible for a survivor's benefit. The letter outlines information about the benefits available and requests various documents. A survivor's benefit payment can commence once all of the requested documents and forms are received. If there is no one eligible to receive a survivor's benefit, the designated beneficiary will receive the member's accumulated retirement contributions and interest, less the sum of the monthly retirement benefits paid to the member prior to the date of death.

Published for members of the San Diego County
Employees Retirement Association

Member comments and suggestions
should be directed to:

communications@sdcera.org
or contact:

SDCERA

2275 Rio Bonito Way, Suite 200
San Diego, CA 92108-1685

Call Center: 619.515.6800

Toll Free: 1.888.4.SDCERA

www.sdcera.org

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(alternate Board member)	(alternate retired Board member)

Retirement Board Meetings

First Thursday of each month at the
SDCERA Board Room, 2nd floor, 8:30 a.m.

Investment Board Meetings

Third Thursday of each month at the
SDCERA Board Room, 2nd floor, 8:30 a.m.

Visit www.sdcera.org to view meeting calendars,
agendas and minutes

2007 Electronic Deposit Retirement Payment Dates

June 29, July 31, August 31, September 28, October 31,
November 30, December 31

SDCERA makes every effort to meet the retirement payment schedule; however, please verify with your financial institution that each deposit has been made to your account.

This newsletter provides disclosure of certain terms and conditions of SDCERA membership and benefits available to members. It is designed to give you this information as simply and as accurately as possible as of the date of publication. SDCERA is governed by the County Employees Retirement Law of 1937 (Government Code Section 31450 et. seq.) as it has been adopted and implemented by the San Diego County Board of Supervisors and the SDCERA Board of Retirement. If there is any inconsistency between this newsletter and the governing law, the law will govern. Decisions relating to the plan will be made after reference to the statutes and any resolutions, regulations and policies governing administration of SDCERA as they exist at the same time of the decisions.



Investment Report

Returns impressive

SDCERA reported its fourth consecutive year of double-digit gains. The pension fund earned a 13.6% return on investments for the 2006 calendar year, resulting in a gain of nearly \$1 billion. These gains bring fund assets to the \$8 billion mark.

Key investments that contributed to this year's success were international equities climbing 28.2% and real estate gaining 20.9%.

This year's returns exceeded SDCERA's annual 8.25% assumed rate of return by nearly 65%. The assumed rate of return, set by fund officials, is the annual target that is used by the actuary to set contribution rates.

SDCERA has consistently outperformed its assumed rate of return. Over the past three-, five-, and 10-year periods, the fund reported average annual gains of 13.3%, 11.7%, and 10.0% respectively, making SDCERA one of the top performing public funds as ranked by Wilshire Associates' Trust Universe Comparison Service (TUCS). TUCS ranked SDCERA in the top fourth percentile over the three-year period, and the top percentile over the five- and 10-year periods. This means that SDCERA's performance surpasses 96% to 99% of its peers.

"Our investment staff does an impressive job attaining consistently high returns. Our long-term investment returns continue to outpace those of our peers," said SDCERA's Chief Executive Officer, Brian White. Over the last 10 years, active management decisions by the fund's investment staff contributed an additional \$620 million to the fund. SDCERA's funding objective is to meet long-term benefit obligations through contributions and investment income. As of June 30, 2006, the date of the latest actuarial valuation, the funding status (the ratio of system assets to system liabilities) was 83.6%.

Returns for 4th quarter 2006 (net of fees)

SDCERA Returns	4th Quarter	1-year	3-year	5-year
Total fund	6.7%	13.6%	13.3%	11.7%
Domestic equities	7.8%	10.6%	10.4%	7.5%
S&P 500 Domestic benchmark indices	6.7%	15.8%	10.4%	5.2%
International equities	11.9%	28.2%	25.4%	20.2%
MSCI EAFE - International benchmark Indices	10.4%	26.4%	19.9%	15.0%
Fixed income	2.6%	7.1%	7.3%	9.3%
Lehman Aggregate - fixed income benchmark indices	1.2%	4.3%	3.7%	5.1%

Total assets under management as of December 31, 2006 were \$8,038,593,000