

SDCERA

Strength. Service. Commitment.

## News

2008  
October • November • December

## Annual open enrollment approaching

**No changes to plan offerings for 2009**

Open Enrollment for SDCERA medical and dental plans will take place November 1–24, 2008. Changes made during this time are effective January 1 through December 30, 2009. Open Enrollment packets will be mailed to retired members at the end of October.

During Open Enrollment retired members can change their existing health coverage, such as add dependents or enroll in an SDCERA plan for the first time. SDCERA offers medical plans for members not yet eligible for Medicare (generally under age 65), as well as for those who are eligible for Medicare. Dental plans are also offered.

There are no changes to the plan offerings for 2009. The Board of Retirement reviewed multiple options for other health plans, but concluded that none were viable at this time. The current plan offerings continue to provide high quality health insurance plans at the best possible rates. Turn to Page 6 for health and dental plan rates. For 2010 and the future, SDCERA will continue to review alternatives for providing lower cost options. New for 2009 is the SilverSneakers Fitness Program for members enrolled in Secure Horizons. To learn more about this benefit, attend the SDCERA Health and Wellness Fair in November.

## SDCERA and Social Security online calculators make retirement planning easy

**You can plan for retirement in just a few clicks with the use of online calculators. A new Social Security Retirement Estimator is tied to your actual Social Security earnings records and provides a quick and reliable benefit estimate.**

Members can use the Social Security Retirement Estimator with SDCERA's online retirement benefit calculator to get a better picture of their retirement future. With a Social Security benefit estimate on hand, you can decide which SDCERA benefit option works well with your retirement plans.

When choosing health care for you and your dependents, there are many important points to consider. SDCERA encourages you to review the following points when making those decisions.

**Access to care**

Is it important that your physician's office or medical facilities be located near your home? Contact the plan's customer service center to find out if you live within the plan's service area.

**Coverage out of area**

If you travel often, find out what services will be available to you when you are out of the area.

**Health education**

Check with the plan you are considering to see what educational programs and materials are available.

**Special needs**

Consider the special medical needs of you and your family. Select a plan that will best serve you now and in the future.

## Five tips to help you prepare for retirement

### As 2008 comes to a close, many members may be thinking about retiring at the beginning of next year.

Hundreds of retirement applications are submitted in January through March from members who wish to receive the earliest possible annual cost of living adjustment (COLA) to their retirement benefit payment. The COLA is paid annually beginning in April to members who retire by March 31. Members who retire on or after April 1 will be eligible for the next year's COLA. Whether or not you plan to retire in early 2009, read the retirement tips below so that you are prepared to begin the retirement process.

**1** **Understand your benefit options**

The amount of your retirement benefit depends on the benefit option you select at the time of retirement. There are five benefit options to choose from, and each option provides a different benefit for you and your eligible beneficiary upon your death. For example, many members select the Unmodified benefit option, which provides the highest benefit for your lifetime. Upon your death, your eligible spouse, domestic partner or minor child(ren) receives a 60% survivor's continuance for their life. Other benefit options give members the choice of receiving a decreased monthly benefit and leaving a continuance to a designated beneficiary other than a spouse or partner. Your retirement application will include all the benefit options available to you. Once you make your selection, your choice cannot be changed. In addition to the five benefit options, there is also the Temporary Supplement available to members who retire before age 62 and will become eligible for Social Security at age 62. The Temporary Supplement provides an increased benefit amount for you until you are age 62, and a reduced benefit at and after age 62. It is important to carefully consider all benefit options so that you make the best decision for your retirement. To learn more about the benefit options and to calculate your benefit, visit the SDCERA web site at [www.sdcera.org](http://www.sdcera.org).

**2** **Request a Social Security estimate**

If you are considering the Temporary Supplement to the benefit options, request a Social Security benefit estimate two months prior to your retirement date. The most convenient way to obtain an estimate is via the Social Security Administration (SSA) web site at [www.ssa.gov](http://www.ssa.gov). You can also contact the SSA at 800.772.1213. Once you receive your estimate, forward a copy to SDCERA and it will be used to calculate your Temporary Supplement estimate.

**3** **Request a retirement packet**

When you are ready to retire, request a retirement packet from SDCERA two months prior to your retirement date. Your personalized packet will be mailed to your home address and will include a service retirement application, tax withholding form and direct deposit form. Complete these forms and submit them along with birth certificates for you and your spouse/registered domestic partner and a copy of your certificate of marriage/registered domestic partnership. Have the Social Security numbers ready for each beneficiary you plan to name. It is helpful to have these documents readily available so that you can complete and submit your application as soon as you are ready to retire.

## Want to learn more?

If you would like to learn more about the retirement process (including information about SDCERA, Deferred Compensation, health insurance, and Social Security), enroll in a Late-Career Seminar by contacting the SDCERA Call Center at 619.515.6800. Call Center representatives can also assist you with any questions you have about retirement.

### 4 Coordinate your retirement and termination

Once you have decided on a retirement date, contact your payroll representative to coordinate your termination. You are responsible for notifying your payroll representative or department of your pending retirement date. Failure to coordinate your termination and retirement will cause a delay of your retirement payment. Your department coordinates the process of converting unused sick leave balances. Prior to your retirement, ask your department representative if you are eligible to convert all or a portion of your sick leave hours to retirement service credit. Following that determination, SDCERA will automatically receive the information on any unused sick leave that is eligible for conversion to service credit.

### 5 Contact reciprocal agencies

If you have reciprocity between SDCERA and another retirement system(s), in most cases you must retire from all systems on the same date. Contact all reciprocal systems and file a retirement application with each system. Failure to comply with this provision may result in the loss or reduction of retirement benefits and invalidate the reciprocal agreement.

## You've got mail

### Retired members:

is your address up to date? SDCERA will mail your IRS Form 1099-R at the end of January, which reports the total amount of income paid from the retirement plan during the preceding calendar year. This form is used to complete federal and state tax returns. If you need to update your mailing address, complete and submit a *Change of Mailing Address* form available on [www.sdcera.org](http://www.sdcera.org), or contact SDCERA for a form.

### Active members:

have you received your *Annual Member Statement*? Your personalized statement has been mailed. If you have not received it by the end of October, you may need to update your address. Contact your payroll representative or update your information on the Employee Self-Service Site on the County's intranet. To obtain a copy of your *Annual Member Statement*, contact SDCERA.

## Know the facts about reciprocity

**Reciprocity is a way for members to link retirement benefits together from more than one retirement system. If you have been an active member of more than one public employer's retirement system during your career, you may be eligible for either full reciprocity or limited reciprocity.**

### Full reciprocity

When you establish full reciprocity, all reciprocal retirement systems use your highest final average compensation when calculating your retirement benefit, regardless of which system you were working in when you earned the highest salary. The service credit you earn in each system does not transfer from one system to another and service credit years are not combined, except to meet vesting and eligibility requirements.

Read the *Reciprocity* fact sheet available at [www.sdcera.org](http://www.sdcera.org), or from SDCERA to learn more about establishing reciprocity. If you have questions, contact the SDCERA Call Center.

### There are legal guidelines that are required to establish full reciprocity:

- You must retire from all reciprocal systems on the same date (with limited exception for systems with a higher minimum age requirement)
- You cannot take a refund of member contributions from either system
- You cannot have overlapping service credit with systems, for example, you cannot be an active member of two systems at the same time
- You cannot have more than six months between leaving one system and entering another, but if you do have more than six months, you may be eligible for limited reciprocity

### Limited reciprocity

If you have more than six months between active memberships with your reciprocal systems, you can establish limited reciprocity.

Although limited reciprocity does not allow your highest final average monthly compensation to apply to retirement benefits from all systems, there is still value in having your retirement benefit based on limited reciprocity. Mainly, you may qualify for a benefit that you otherwise would not be able to receive.

For example, if you terminate employment with three years of SDCERA service credit and take a year off work, then work for another public employer and become a member of a reciprocal retirement system, the service credit you earn in your new system will count toward vesting for an SDCERA retirement benefit.

In this case, after two years of full-time employment in your new system, you have a vested right to an SDCERA retirement benefit, based on limited reciprocity. Your retirement benefit from SDCERA would be based on your final average compensation earned while an SDCERA member.



One of our goals at SDCERA is to capture feedback from our members so we can make improvements to our processes. If you visit SDCERA, or contact us for information, you may receive a survey in the mail. Please help us by completing and returning the survey.

***Your reward will be sharper customer service!***

## Annual submission required for Health Insurance Reimbursement

The Health Insurance Reimbursement (HIR) Program is offered to retired General and Safety, Tier I and Tier II members with 10 or more years of SDCERA service credit who elect medical and/or dental coverage outside of an SDCERA plan. HIR allows you to use your health allowance to offset the cost of the premium.

If you are currently enrolled in the HIR program, you must reapply for reimbursement every year during SDCERA's Open Enrollment period in the month of November. The Internal Revenue Code requires you to reapply for reimbursement annually even if you make no changes to your plan. A *Health Insurance Reimbursement Request* form will be included in your Open Enrollment packet. Complete and submit the form with current documentation such as proof of payment, proof of coverage and proof of premium cost. See the HIR form for specific information.

Members who are enrolled in dental plans offered by the Retired Employees of San Diego County (RESDC) or Deputy Sheriffs' Association (DSA) do not need to submit an HIR form. Your enrollment and reimbursement will be processed by separate authorization from these agencies.

Your HIR will begin the month SDCERA receives your request form and supporting documents. If your reimbursement request form is not processed due to missing information and you have begun paying for your health coverage, SDCERA will not retroactively reimburse you for these costs. To ensure that you begin receiving your reimbursement in January 2009, complete and submit the form with appropriate documentation by November 24, 2008.

(Calculators continued from Page 1)

To get a glimpse of your future SDCERA benefit, click on the Calculators tab on [www.sdcer.org](http://www.sdcer.org). You can generate various retirement scenarios by entering your age at retirement, final compensation and service credit at retirement. You also have the option of entering additional information such as eligible sick leave to convert to service credit and the age of your beneficiary to compute various benefit options. You can also receive a Temporary Supplement estimate if you enter your estimated Social Security benefit.

To get a Social Security estimate, visit [www.ssa.gov/estimator](http://www.ssa.gov/estimator) and enter your first and last name, date of birth, Social Security number, mother's maiden name, and place of birth. You can project your potential benefit by entering your expected retirement age and future wages. The site allows you to print up to three different scenarios at one time, in addition to information about your benefits at age 62, full retirement age and age 70.

The Social Security Retirement Estimator is secure. To protect privacy, only the final retirement estimates are provided online. Earnings record information on which the final benefit estimate was calculated and other personal information is not shown.

### For retired members

#### **2008 Health and Wellness Fair to be held in November**

The fourth annual SDCERA Health and Wellness Fair for retired members is set for Saturday, November 15 from 11 a.m. to 2 p.m. at the Scottish Rite Center in Mission Valley. At the fair, you can get help completing your SDCERA forms, talk to the health insurance carriers, participate in health screenings and enjoy luau-style snacks. This year's fair promises to be more successful than ever.

# Annual Open Enrollment for retired members

## Rates for SDCERA medical and dental plans

The rates below reflect the 2009 premiums for the health plans offered through SDCERA. The rates shown are per person, per month. The carriers and plan features are the same as last year. If you do not make changes to your current plan selection, keep your current insurance card. If you need to request a new card, contact your plan carrier.

### Medical plans for members *not eligible* for Medicare

(generally members under age 65)  
Rates are per person, per month

Health Net HMO	\$649.45
Kaiser Permanente HMO <sup>1</sup>	\$543.54
PacifiCare HMO	\$773.82
PacifiCare PPO <sup>2</sup>	\$1,156.58

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1 A higher rate will apply if you enroll (or are currently enrolled) in this plan when you are eligible for Medicare. Contact the SDCERA Call Center if this situation affects you.

2 This SDCERA plan is available nationwide.

### Medical plans for members *eligible* for Medicare

(generally members age 65+)  
Rates are per person, per month

PacifiCare Senior Supplement <sup>1</sup>	\$346.94
Health Net HMO	\$321.35
Health Net Seniority Plus	\$273.30
Kaiser Permanente Senior Advantage <sup>2</sup>	\$274.50
Secure Horizons <sup>3</sup>	\$230.11

.....  
1 This SDCERA plan is available nationwide.

2 A higher rate and the benefits of the traditional Kaiser Permanente HMO will apply if you enroll in this plan and do not assign your Medicare benefits to Kaiser Permanente.

Note: the monthly rate per person for Kaiser Permanente "M" Coverage is \$612.21 effective January 1, 2009; Kaiser Permanente has closed this plan to new enrollment and the plan terminates January 1, 2010. Therefore if you are currently enrolled in this plan, you may wish to select a new plan.

3 This plan is available to California, Arizona and Nevada residents.

#### Published for members of the San Diego County Employees Retirement Association

Member comments and suggestions should be directed to SDCERA's Communications Department.

E-mail:  
communications@sdcera.org

Call:  
619.515.6800  
888.4.SDCERA

Send written inquiries to:  
SDCERA  
2275 Rio Bonito Way, Suite 200  
San Diego, CA 92108-1685

Visit:  
[www.sdcera.org](http://www.sdcera.org)

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*(alternate active)*

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*(alternate retired)*

#### 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](http://www.sdcera.org) to view meeting calendars, agendas and minutes.

#### 2008 Electronic Deposit Retirement Payment Dates October 31, November 26, 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.

## Dental plans and rates

Rates are per person, per month

CIGNA Dental Care DHMO	\$18.66
Delta Dental PPO	\$35.89

Be sure to review the 2009 *Health Insurance Plans* booklet for more information on the plans, as well as a side-by-side comparison chart of plan details and co-payment information.

Forms to enroll or cancel your SDCERA health insurance coverage will be included in your Open Enrollment packet and are **due on November 24, 2008.**

## Answers to frequently asked questions



I received a **service credit purchase contract**, but I have not yet submitted it to SDCERA. Should I request a new one?

Review your contract to find its expiration date. Until a purchase begins, interest continues to accrue. If you wait to begin your purchase after December 1, you will need an updated contract because the amount will be affected by interest posted at the end of that period. Service credit purchases always include interest; the sooner you purchase any eligible service credit, the less it will cost because you will pay less interest. If you would like to request an updated contract, contact the SDCERA Call Center.

When I retire, will my **CECO contribution** continue as an automatic deduction from my retirement benefit payment?

The contribution you make to CECO (County Employees Charitable Organization) as an active member will not automatically continue from your SDCERA retirement benefit payment. If you elect to continue your contribution at retirement (or if you choose to begin a new CECO contribution) you must complete a form and request the automatic deduction from your monthly SDCERA payment.

In addition to a CECO deduction, upon request, you may have other voluntary deductions taken from your retirement benefit. You may request a deduction for premiums for health or dental insurance, or for the PERS Long-Term Care Program. Membership dues for the Deputy Sheriff's Association (DSA) membership, or the Retired Employees of San Diego County (RESDC) can also be deducted. Contact the various organizations for information or forms as follows:

<b>CECO</b>	www.sdceco.org
<b>DSA</b>	858.486.9009
<b>RESDC</b>	619.688.9229
<b>PERS</b>	Long-Term Care Program 800.982.1775
<b>SDCERA</b>	619.515.6800

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

### The year in review

SDCERA eked out a return of 1.51% (0.72% after investment fees), for the year ended June 30, 2008—well ahead of the Standard and Poor’s 500 Index, which fell 13.1%, and the returns of most other public pension funds. The Wilshire Associates’ Trust Universe Comparison Service (TUCS), reports that the median public pension fund suffered a loss of 4.51% over the same period.

The positive performance for the year was largely due to the fund’s diversified approach, including double digit gains in global fixed income, commodities and inflation-linked securities, as well as strong returns in emerging market equities, which more than offset the losses in U.S. and international equity markets. The returns place SDCERA in the top 4% of U.S. public pension funds.

Although SDCERA’s one-year return is short of its 8.25%

assumed rate of return, it comes after four straight years of double-digit gains. SDCERA’s returns rank first among public funds for the three-year and the five-year periods.

The Board of Retirement voted to apply all available deferred gains from previous years, \$390 million, to reduce the unfunded liability. This move increases the funded ratio from 89.7% to an estimated

95% as of June 30, 2008. Final funded ratio and unfunded liability figures will be available in November.

“SDCERA continues to provide long-term financial stability for our members. In these challenging economic times, SDCERA members can take comfort in the knowledge that their pensions are secure,” said CEO Brian White.

Returns for 2nd quarter 2008 (gross of fees)				
SDCERA Returns	2nd Quarter	1-Year	3-Year	5-Year
<b>Total fund</b>	<b>1.0%</b>	<b>1.5%</b>	<b>11.0%</b>	<b>13.9%</b>
Domestic equities	-0.6%	-15.2%	4.2%	8.9%
S&P 500 Domestic benchmark indices	-2.7%	-13.1%	4.4%	7.6%
International equities	-1.2%	-5.2%	18.8%	22.4%
MSCI EAFE International benchmark indices	-1.9%	-10.1%	13.3%	17.2%
Fixed income	-1.4%	10.1%	7.2%	8.6%
Lehman Aggregate Fixed income benchmark indices	-1.0%	7.1%	4.1%	3.9%
<b>Total assets under management as of June 30, 2008 were \$8,405,048,000</b>				