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SCERS TOLL FREE No:

1-800-336-1711

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"I expect to pass through this world but once. Any good therefore that I can do, or any kindness or abilities that I can show to any fellow creature, let me do it now! Let me not defer it or neglect it, for I shall not pass this way again."

June 2003

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The Finish Line

A Publication for Active Members of the Sacramento County Employees' Retirement System

Enhancements Effective June 29, 2003

The Sacramento County Board of Supervisors has reached agreement with all of its recognized employee representative organizations to include provisions for so-called "retirement benefit enhancements".

The agreed to enhancements include:

1. applicability of Government Code Section 31676.14 ("2% at 55 1/2") for miscellaneous plan service credits,
2. applicability of Government Code Section 31664.1 ("3% at @50") for safety plan service credits,
3. ability of an employee to purchase up to four years of public service credits.

By Resolution No. 2003-1517 adopted May 13, 2003 the Board of Supervisors set the effective date of enhancements to be June 29, 2003. As a result, the Board of Supervisors will be applying the new formulas for all SCERS members (including member districts) prospectively from June 29, 2003, and, retroactively to only County employees service credits which precede that date.

In accordance with applicable retirement law, each SCERS member district's governing body must decide on its own whether or not to apply the new formulas retroactively for service credits earned prior to June 29, 2003 and to make the public service credit purchase provisions applicable to its employees.

- Service Retirement Benefit Calculation -

By utilizing the Estimate Worksheet and factor tables indicated on pages 2 and 3 you should be able to manually calculate your SCERS service retirement allowance.

To calculate your service retirement benefit using enhanced formulas, visit SCERS website: www.saccounty.net/retirement

New formulas only apply to SCERS members' benefit calculations for members whose retirement dates occur June 29, 2003, or later.

- Tiers -

SCERS miscellaneous and safety plans include tiers. The age factors per each formula are the same for each plan, regardless of tier. The tier distinctions pertain to the averaging periods to determine final compensation and the maximum annual cost-of-living increase applied to retirement allowances.

Ret Plan/ Tier	Final Comp	Annual COLA Max	Ret Plan/ Tier	Final Comp	Annual COLA Max
Misc 1	1 year	4%	Safety 1	1 year	4%
Misc 2	3 years	0%	Safety 2	3 years	2%
Misc 3	3 years	2%			

**SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM
SERVICE RETIREMENT ESTIMATE WORKSHEET**

This worksheet will guide you in estimating the monthly service retirement allowance which you may be eligible to receive pursuant to enhanced formulas applicable to SCERS members effective June 29, 2003. The example below is of an employee in the Miscellaneous Plan, Tier One category of membership who retires at age 56 with 25.5 years of credited service under 31676.14 and a monthly final compensation of \$3,000.00. The monthly benefit estimate is \$1,514.70. First follow the example and review the information from the benefit factor table of interest to you (see succeeding pages). Then proceed to estimate your allowance. An extra column is provided for a second estimate.

Item No.	Descriptive Information	Example	Your Estimate	Your Second Estimate
1	Retirement Age	<u>56</u>	_____	_____
2	Total Service at Retirement	<u>25.5</u>	_____	_____
3*	Final Compensation	<u>\$36,000.00</u>	_____	_____
4	Monthly Final Compensation	<u>\$3,000.00</u>	_____	_____
5	**Percentage Factor Corresponding			
6	To Age at Retirement	<u>2.060%</u>	_____	_____
	***Dollar Reduction Factor			
	Corresponding to Age at Retirement	<u>\$2.40</u>	_____	_____

BENEFIT CALCULATION

Basic Allowance

7	Multiply your total years' service by the percentage factor; then multiply this number by your monthly final compensation	$25.5 \times 2.060\% =$ or 52.53%	.5253		
		$.5253 \times 3,000 =$	1,575.90	_____	_____

Reduction Amount

8	Multiply your total years' County service with Social Security coverage (in most cases the years since 1/1/56), by the dollar reduction factor	$25.5 \times \$2.40 =$	<u>-61.20</u>	_____	_____
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Benefit Estimate (Unmodified allowance)

9	To determine your estimated monthly retirement allowance: from the basic allowance in #7 subtract the reduction amount in #8, above	$\$1,575.90 - 61.20 =$	<u>\$1,514.70</u>	_____	_____
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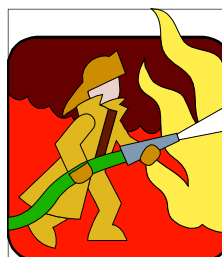
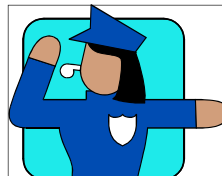
*Final compensation for members of the Safety Tier One or Miscellaneous Tier One categories is defined as the highest average annual compensation earnable by a member during any one year elected by a member at the time (s)he files an application for service retirement. Because retirement allowances are paid monthly and for purposes of this estimate, if you are a Miscellaneous Tier One or Safety Tier One member, divide the final compensation in item #3 by 12 and enter the monthly final compensation as item #4. If you are a Safety Tier Two, Miscellaneous Tier Two or Three category member, use three years instead of one year, then divide the final compensation by 36 and enter the monthly final compensation as item #4. Compensation earnable basically includes regular base pay plus shift differentials, other differential allowances, incentive allowances and special pay allowances.

** and *** Use the percentage factors and dollar reduction factors corresponding to age at retirement from the table of interest (i.e., Miscellaneous or Safety) from page 3.

Miscellaneous Plans Retirement Age Factor Tables Effective June 29, 2003

Safety Plans Retirement Age Factor Tables Effective June 29, 2003

Ret Age	§31676.14 (2% @ 55 1/2) %	Dollar Reduction Factor
50	1.474%	\$1.721
50 ¼	1.497%	\$1.748
50 ½	1.520%	\$1.774
50 ¾	1.543%	\$1.801
51	1.566%	\$1.828
51 ¼	1.591%	\$1.857
51 ½	1.616%	\$1.886
51 ¾	1.641%	\$1.915
52	1.666%	\$1.944
52 ¼	1.685%	\$1.966
52 ½	1.703%	\$1.988
52 ¾	1.722%	\$2.010
53	1.741%	\$2.031
53 ¼	1.766%	\$2.061
53 ½	1.791%	\$2.090
53 ¾	1.816%	\$2.119
54	1.841%	\$2.148
54 ¼	1.867%	\$2.179
54 ½	1.894%	\$2.210
54 ¾	1.921%	\$2.241
55	1.947%	\$2.272
55 ¼	1.975%	\$2.305
55 ½	2.004%	\$2.338
55 ¾	2.032%	\$2.371
56	2.060%	\$2.404
56 ¼	2.091%	\$2.440
56 ½	2.121%	\$2.475
56 ¾	2.151%	\$2.510
57	2.182%	\$2.546
57 ¼	2.203%	\$2.571
57 ½	2.225%	\$2.596
57 ¾	2.246%	\$2.621
58	2.268%	\$2.646
58 ¼	2.289%	\$2.671
58 ½	2.310%	\$2.696
58 ¾	2.332%	\$2.721
59	2.353%	\$2.746
59 ¼	2.375%	\$2.770
59 ½	2.396%	\$2.796
59 ¾	2.418%	\$2.821
60	2.439%	\$2.846
60 ¼	2.461%	\$2.871
60 ½	2.482%	\$2.896
60 ¾	2.504%	\$2.921
61	2.525%	\$2.950
61 ¼	2.546%	\$2.965
61 ½	2.568%	\$3.000
61 ¾	2.589%	\$3.022
62+	2.611%	\$3.047



Ret Age	§31664.1 (3% @ 50) %	Dollar Reduction Factor
41	1.8774%	\$2.189
41 ¼	1.9050%	\$2.221
41 ½	1.9326%	\$2.253
41 ¾	1.9599%	\$2.285
42	1.9875%	\$2.317
42 ¼	2.0160%	\$2.351
42 ½	2.0442%	\$2.384
42 ¾	2.0727%	\$2.417
43	2.1012%	\$2.450
43 ¼	2.1306%	\$2.485
43 ½	2.1600%	\$2.519
43 ¾	2.1897%	\$2.553
44	2.2191%	\$2.587
44 ¼	2.2497%	\$2.623
44 ½	2.2803%	\$2.659
44 ¾	2.3109%	\$2.695
45	2.3415%	\$2.730
45 ¼	2.3730%	\$2.767
45 ½	2.4048%	\$2.805
45 ¾	2.4363%	\$2.842
46	2.4678%	\$2.877
46 ¼	2.5017%	\$2.917
46 ½	2.5356%	\$2.957
46 ¾	2.5758%	\$3.005
47	2.6034%	\$3.036
47 ¼	2.6340%	\$3.071
47 ½	2.6646%	\$3.107
47 ¾	2.6949%	\$3.142
48	2.7255%	\$3.178
48 ¼	2.7582%	\$3.216
48 ½	2.7912%	\$3.255
48 ¾	2.8239%	\$3.293
49	2.8566%	\$3.331
49 ¼	2.8923%	\$3.372
49 ½	2.9283%	\$3.415
49 ¾	2.9640%	\$3.456
50	3.0000%	\$3.498
50 ¼	3.0000%	\$3.498
50 ½	3.0000%	\$3.498
50 ¾	3.0000%	\$3.498
51	3.0000%	\$3.498
51 ¼	3.0000%	\$3.498
51 ½	3.0000%	\$3.498
51 ¾	3.0000%	\$3.498
52	3.0000%	\$3.498
52 ¼	3.0000%	\$3.498
52 ½	3.0000%	\$3.498
52 ¾	3.0000%	\$3.498
53	3.0000%	\$3.498
53 ¼	3.0000%	\$3.498
53 ½	3.0000%	\$3.498
53 ¾	3.0000%	\$3.498
54	3.0000%	\$3.498
54 ¼	3.0000%	\$3.498
54 ½	3.0000%	\$3.498
54 ¾	3.0000%	\$3.498

Retirement prior to age 50 is permitted with 30 years of service credits. Factors yet to be determined.

Retirement prior to age 50 is permitted with 20 years of safety service credit.

SCERS Kicks Into High Gear Processing Retirements Due To Enhancements - Informational Meetings -

Anticipating a large number of SCERS members who might choose to retire in the first months following the June 29, 2003 benefit enhancements implementation, SCERS has conducted service retirement processing informational meetings.

During the period May 5-16, thirty-three informational meetings were conducted by SCERS staffers, held in nineteen different locations throughout the county, and attended by 480 County employees (out of 2700 eligible to retire).

At each meeting attendees were given a Service Retirement Application Packet which contains all the necessary forms required to begin the retirement process. The meeting provided an overview of the SCERS service retirement process, highlighted the forms a retiring member must complete, and provided information to help complete the paperwork accurately. Attendees were encouraged to ask questions throughout the meeting.

From those meetings and as of June 9, 2003, SCERS has received 205 completed service retirement applications, all of which are in various stages of SCERS processing. In addition, as of June 9, 2003, SCERS has received 453 requests for our Purchasing Public Service Packet.

If you are contemplating retirement in coming months and have not already requested a Service Retirement Application Packet, you should be advised that upon request, SCERS will lead you through a three step process (see article below). In making your decision to retire and if you have long service, be mindful as well: 1) SCERS retirement benefits are capped at 100% of final compensation; 2) by law, SCERS cannot accept a retirement application until within 60 days of the chosen retirement date; and, 3) if you believe yourself to be eligible for purchase of additional service credits, additional processing time may be necessary (including your acquisition and submitting of required documentation).



- Three Part Service Retirement Application Process -

In Part I SCERS provides our member with the Service Retirement Application Packet. This packet is provided to acquaint the member with general information and the necessary forms needed to be completed immediately and returned to SCERS.

We attempt to present this information in a clear, concise, and accurate manner. The applicable laws may not always appear to be clear. However, we advise that any discrepancies between the law and the packet information will be resolved in accordance with the law.

It is the member's responsibility to review and comprehend the packet information and any other SCERS benefit information provided in advance of further retirement processing. Other available sources include the SCERS website address: www.saccounty.net/retirement. A member might also review the Retirement Handbook and past SCERS newsletters (also available on the website). If married, a member's spouse might also consider reviewing the information.

With Part II and following a member's committing to a retirement date and SCERS receiving the application and other requested forms, SCERS provides the member the opportunity to attend a Retirement Orientation. The purpose of the orientation is: to answer questions clarifying information included in the packet; to further explain timing issues involving retirement processing; to enable the member to interact with a SCERS counselor to assist in filling out additional forms and choosing amongst certain options; and, to hear brief presentations from the County's Benefit Office on County sponsored medical plans and the County's deferred compensation plan. In addition, a very brief introduction will be made by a representative of the Sacramento County Retired Employees' Association, an advocacy group for SCERS annuitants.

Part III is to "tie up any loose ends", i.e. to follow through on finalizing the SCERS account, reconciling any service credit purchases, signing and submitting any other remaining and required forms, and provide the member with important tax information.

Retirement processing is intended to be as smooth and clear as possible. SCERS staff will handle the account and processing with care and attention to detail being mindful of our desire for a timely processing. A timely processing, however, also requires patience, attention and cooperation from the member.

Members need to study the available materials beforehand and act when requested in a timely fashion.

Member Information Calculator Program Improvement

Anticipated for FY 2003-2004 a new feature has been added on SCERS' Member Information Calculator program on SCERS website. Currently, the program enables the member to access account information specific to the member, such as: retirement plan/tier, accrued service credits and accrued contributions and interest; but not "final compensation".

The new feature will provide a member with a "guestimate" of final compensation to be used in the calculation of the estimated benefit. The estimated final compensation will be based upon the most current SCERS account information available and will not be projected into the future. Service credits and age will continue to be projected into the future per the inputted retirement date.

Purchasing Public Service Credit Takes Time

Now that the Board of Supervisors has adopted public service credit purchase provisions which enable members to purchase up to four years of credit to be used in the calculation of a SCERS retirement benefit, SCERS is anticipating thousands of requests for cost calculation. Already, SCERS has received nearly five hundred requests for information and has actually performed nearly one hundred costings.

Costing of service credit purchase requests take time!

Purchasing members must first provide written verification of: their public service, their being compensated for such service, and their ineligibility for a pension benefit from the sponsoring entity in which such service occurred. Then, SCERS staff must perform some SCERS contribution history research, calculate cost and so inform the member.

Members, wishing to purchase public service credit and planning to retire anytime soon, should allow for necessary processing time in advance of setting a retirement date.

For more information, SCERS "Purchasing Public Service Packet" is available upon request.

- Preparing For Retirement - Divorce and Community Property, An Unresolved Issue?

SCERS members experience marital dissolutions just like everybody else. With every divorce, an issue to be resolved is the matter of community property distribution. An item often not addressed early on is community property rights of member and spouse to SCERS contributions and benefits.

If you are a SCERS member who has experienced a marital dissolution during your SCERS membership period, your SCERS account may be an unresolved community property issue.

If SCERS has been served a joinder (a court document joining SCERS as a party in a community property issue), SCERS may be legally precluded from paying you your SCERS retirement benefits until SCERS receives a court order resolving the community property issue.

SCERS strongly encourages each member who has divorced and has an unresolved community property issue, to request an "Article 8.4 Packet" from SCERS receptionist, to read it and to affect a resolution to any unresolved community property issue, before setting a retirement date.

Actuarial Valuation and Benefit Enhancements Result In Contribution Rate Changes

SCERS is enacted, managed and administered in accordance with provisions of the County Employees' Retirement Law of 1937. Section 31453 of that law requires that an actuarial valuation of SCERS be performed at intervals not to exceed three years.

The SCERS Board takes a conservative approach. Its policy is to perform a valuation of non-economic assumptions, i.e., an "experience analysis", every three years with a valuation of non-economic assumptions annually.

The triennial experience analysis was presented to the SCERS Board in November 2001. The June 30, 2002 Valuation Report was presented to the SCERS Board in January 2003.

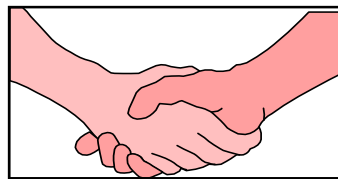
The Sacramento County Board of Supervisors (and participating SCERS member districts' governing bodies) has substantially increased liabilities with the applicability to SCERS members of new (higher) service retirement formulas and rights to purchase public service credits, aka "benefit enhancements".

Accordingly, on May 13, 2003, arising out of the annual actuarial valuation conducted as of June 30, 2002, as well as taking into consideration the implementation of enhanced benefits effective June 29, 2003 and other favorable benefits negotiated by recognized employee representative organizations, the Supervisors ratified SCERS Board-approved contribution rates for employers and employees.

The composite rate (i.e., the total rate applied, in the aggregate, across all plans and tiers) for employers is substantially increased from 7.92% to a whopping 17.72% of payroll. To help offset the cost of enhancements, a one-time only offset of cost-of-living increase for most active employees was accepted by recognized employee representative organizations.

Were enhancements not being implemented, the effect of the June 2002 actuarial valuation alone would have been to increase current employee contribution rates in July 2003. The negotiated benefit enhancements, on the other hand, mostly (but not in all cases) result in decrease of employee rates. The combination of these two will be reflected in employee contribution rates being implemented in July 2003. For employees, overall, the composite rate is declined from 5.81% to 3.90% with individual miscellaneous plan rates reduced and individual safety plan rates slightly increased in a range from approximately .23% to .81%.

Approved contribution rate changes will be implemented effective the first full pay period in July 2003.



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