



The *Latest* Wrinkle

A Periodic Publication for Retirees and Beneficiaries of SCERS

Non-vested Health Benefits Extended Through June 2002

The SCERS Board and the Sacramento County Board of Supervisors have acted to provide a continuation of non-vested medical plan premium offsets for retirees and surviving spouses for fiscal year 2001-2002, beginning with "coverage" for July 2001, utilizing \$10.8 million in SCERS investment earnings which the SCERS Board has allocated for that purpose. The Retiree Health Care Benefits Program for Fiscal Year 2001-2002 medical plan premium offsets are based upon a graduated scale related to SCERS credited service at time of retirement. The "old" and "new" amounts (effective with June 2001 pension payroll) are as follows:

<u>Credited Service</u>	<u>Maximum Monthly Offset</u>
If you are credited with: as the of	Then, SCERS will pay described below and retiree will pay the rest of the premium.

	Old	New
Less than 10 years	\$ 93.00	\$101.00
10 years but less than 15	\$116.00	\$126.00
15 years but less than 20	\$139.00	\$151.00
20 years but less than 25	\$162.00	\$176.00
25 or more years	\$186.00	\$202.00

Years of additional service creditable to a member retired for nonservice-connected disability in accordance with Government Code Sections 31727(b) and 31727.2(b) are not included in determination of credited service for purpose of determining medical benefit eligibility.

The increase in offset amounts ("Old" to

"New") is reflective of the increase in determined base premium for the Program, i.e., the highest premium offered for County-sponsored health maintenance organization plans for a member under age 65 or with no Medicare eligibility with enrollment greater than 10% of the overall retiree population (changed from \$186 to \$202).

In the event that the recipient's choice of a plan and coverage results in a premium that is less than the maximum monthly offset, the actual benefit shall be the amount of the premium.

As part of the Retiree Health Care Benefits Program For Fiscal Year 2001-2002, the SCERS Board has extended its Agreement with Delta Dental Service to provide SCERS-paid dental care coverage to SCERS retirees and surviving spouses, and coverage to living retirees' spouses at the retirees' expense. Living retirees' spousal dental care plan premiums will remain at \$28.43 monthly.

[Special Note: Legal instruments under which the Sacramento County Retiree Health Care Benefit Program For Fiscal year 2000-2001 is created provide that the plan does not create any contractual, regulatory, or other vested right or entitlement to either present or future retirees, their spouses or dependents, to any particular level of subsidization of health care costs, or to subsidization at all. Whether subsidization continues, and if so, the level of subsidization is vested within the sole discretion of the Board of Supervisors.]

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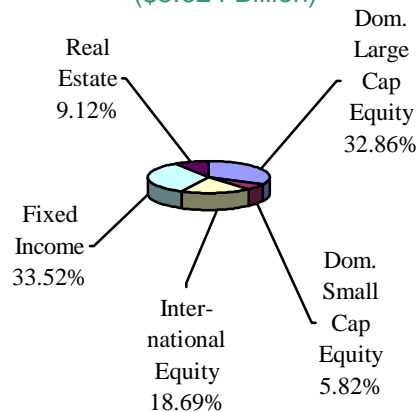
Important Telephone Numbers

- SCERS: 916-874-9119
- SCERS FAX: 916-874-6060
- SCERS TOLL FREE No: 1-800-336-1711
- Web Address: sacretire@saccounty.net
- COUNTY INSURANCE OFFICE: 916-874-5568; 916-874-5569
- PACIFIC GROUP AGENCIES (DELTA DENTAL PLAN): 916-448-6601

SCERS' Mid-year Investment Update: Investment Objectives Still Being Met

SCERS investment return objective is to earn a total return over time of 8% with a high level of certainty. This objective continues to be met even though the stock markets down. The annualized 3-year return of 9.9% and 5-year return of 12.5% are well above 8% target. 2000 was the first year since before 1992 that investment return for a calendar year was negative. The one-year return of -1.0% for 2000, although disappointing, was better than CALPERS and CALSTRS and much better than the return of the US stock market that saw the S&P 500 decline - 9.1 % and international stocks decline by -14.2%.

**Sacramento Co. Employees' Retirement System
Net Asset Allocation as Invested
December 31, 2000
(\$3.624 Billion)**



RETIREMENT BOARD

- Jan Hoganson, President
Elected by Safety Members
- Ronald Suter, First Vice President
Elected by Miscellaneous Members
- James A. Diepenbrock Second Vice President
Appointed by the Board of Supervisors
- Mark Norris, Director of Finance
Ex-Officio
- William Cox
Elected by Retired Members
- Keith DeVore
Elected by Miscellaneous Members
- Winston H. Hickox
Appointed by the Board of Supervisors
- John B. Kelly
Appointed by the Board of Supervisors
- Robert Woods
Appointed by the Board of Supervisors
- James C. Crump, Alternate
Elected by Safety Members

Executive Staff
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Chief Executive Officer

Jeffrey States
Chief Investment Officer

Linda Seher
Chief Benefits Officer

Steven A. Grimshaw
Chief Operations Officer

Newsletter Coordinator - Iris Bachman
Sacramento County Employees' Retirement System
980 9th Street, Suite 750
Sacramento, CA 95814

SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM INVESTMENT PERFORMANCE DECEMBER 31, 2000

Asset Class	1 year	3 year	5 year
Dom. Equity	-4.9 %	10.9%	16.5%
Int'l. Equity	-18.4%	7.9%	7.0%
Fixed Income	11.4%	6.9%	6.8%
Real Estate	12.3%	11.7%	12.7%
Total Fund	-1.0%	9.9%	12.5%

The Retirement Board has developed an asset allocation that maintains a well diversified portfolio of investments in different asset classes. The diversification of investments maintains a high level of certainty that over time SCERS will meet its return objective. The Retirement Board works with staff and its investment managers to maintain compliance with the policy.

A word about John Descamp, Retirement Administrator

After learning that John had a heart attack on March 16, many SCERS retirees called to wish him well. We want to let you know that John's health is improving every day. He is encouraged by the concern of his friends, co-workers and retirees with whom he has worked for so long, and he is looking forward to returning to the office in the very near future.



In Memoriam

March 8, 1923 -
September 26, 2000

Horace Bradford ("Hal") White

Retiree Member
of the Retirement Board

July 14, 1995-December 31, 1998

Please Take Note:

Your Sacramento County Employees Retirement System offices will relocate from the seventh floor in the U.S. Bank Plaza Building, 980 9th Street to another floor in the same building towards the latter part of the summer of 2001. Although we do not anticipate it, if the need to close our office during the move should occur, it would not be for more than a day or two.



Retirement board Announces Cost of Living Increases, Effective April 1, 2001

The Board of Retirement, at its regular meeting held March 15, 2001, adopted cost of living increases, pursuant to provisions of the "County Employees' Retirement Law of 1937." April 2001 pension payroll warrants will reflect a cost-of-living increase for eligible retirees, beneficiaries, and survivors who are receiving continuing monthly retirement allowances from SCERS. There are four categories of membership eligible for these increases. They are: "Safety Tier 1," "Safety Tier 2," "Miscellaneous Tier 1," and "Miscellaneous Tier 3." Membership category "Miscellaneous Tier 2" is not eligible for annual cost-of-living increases.

Eligibility and maximum allowable annual increases are pursuant to Sacramento County Board of Su-

pervisors' ordinances adopted in 1965, 1976, 1981, and 1994 arising out of collective bargaining agreements and Government Code Sections 31870 and 31874.2.

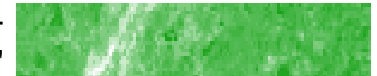
Applicable increases by membership category, effective April 1, 2001 are represented in the table shown below.

For beneficiaries and survivors receiving allowances the applicable dates are the retired members' retirement dates or active members' dates of death. This increase does not apply to insurance subsidies shown as "Medical Plan Premium Offset" on SCERS remittance advice forms.



"If you hear a voice within you saying "You are not a painter, then by all means paint....and that voice will be silenced."

....Vincent Van Gogh



"The two biggest sellers in any bookstore are the cookbooks and the diet books. The cookbooks tell you how to prepare the food, and the diet books tell you how not to eat any of it."

— Andy Rooney

IF the Category of Membership Is:	THEN, the Applicable Cost-of-Living Increase is:
Safety Tier 1	4.0%
Safety Tier 2	2.0%
Miscellaneous Tier 1	4.0%
Miscellaneous Tier 2	0%
Miscellaneous Tier 3	2.0%

Something to think about....

If Earth's population was shrunk into a village of just 100 people-with all the human ratios existing in the world still remaining - what would this tiny, diverse village look like?

That's exactly what Phillip M. Harter, a medical doctor at the Stanford University School of Medicine, attempted to figure out. This is what he found.

- 57 would be Asian
- 21 would be European
- 14 would be from the Western Hemisphere
- 8 would be African
- 52 would be female
- 48 would be male
- 70 would be nonwhite
- 30 would be white
- 70 would be non-Christian
- 30 would be Christian
- 89 would be heterosexual
- 11 would be homosexual
- 6 people would possess 59 percent of the entire world's wealth, and all 6 would be from the United States.
- 80 would live in substandard housing
- 70 would be unable to read
- 50 would suffer from malnutrition
- 1 would be near death
- 1 would be pregnant
- 1 would have a college education
- 1 would own a computer



GOVERNMENT CODE SECTIONS RELATING TO COLAs

Government Code Section 31870

"The board shall before April 1 of each year determine whether there has been an increase or decrease in the cost of living as provided in this section. Notwithstanding Section 31481 or any other provision of this chapter (commencing with Section 31450), every retirement allowance, optional death allowance, or annual death allowance payable to or on account of any member, of this system or a superseded system, who retires or dies or who has retired or died shall, as of April 1st of each year, be increased or decreased by a percent-age of the total allowance then being received found by the board to approximate to the nearest one-half of 1 percent the percentage of annual in-crease or decrease in the cost of living as of January 1st of each year as shown by the then current Bureau of Labor Statistics Consumer Price Index for All Urban Consumers for the area in which the county seat is situated, but such

change shall not exceed 2 percent per year;* however, the amount of any cost-of-living increase or decrease in any year which is not met by the maximum annual change of 2 percent in allowances shall be accumulated to be met by increases or decreases in allowances in future years;** except that no decrease shall reduce the allowance below the amount being received by the member or his beneficiary on the effective date of the allowance or the application of this article, whichever is later."

Government Code Section 31874.2

"The board of supervisors in any county, by a majority vote, may enact an ordinance providing that the maximum annual change pursuant to this article shall be increased to 4, 5, or 6 percent, as determined by the board, on the operative date of such ordinance."*

*A maximum 4 percent change was made applicable by ordinance to Sacramento County's and member districts' retirees, beneficiaries and survivors for "Safety Tier 1" and "Miscellaneous Tier 1" categories of membership, pursuant to Section 31874.2. For Safety Tier 2 and Miscellaneous Tier 3, the maximum is 2 percent pursuant to Section 31870.

**Accumulated carry-overs for Miscellaneous Tier 1 and Safety Tier 1 are as follows:

<u>Initial Retirement Date 4/1/99</u>	<u>Accumulated Carry-Over</u>
On or Before 7/1/67	54.5%
07/01/67 to 06/30/68	54.0%
07/01/68 to 03/31/69	53.0%
04/01/69 to 03/31/70	50.5%
04/01/70 to 03/31/71	48.0%
04/01/71 to 03/31/72	46.0%
04/01/72 to 03/31/73	45.0%
04/01/73 to 03/31/74	44.5%
04/01/74 to 03/31/75	41.5%
04/01/75 to 03/31/76	34.5%
04/01/76 to 03/31/77	28.5%
04/01/77 to 03/31/78	27.0%
04/01/78 to 03/31/79	23.5%
04/01/79 to 03/31/80	18.0%
04/01/80 to 03/31/81	13.5%
04/01/81 to 03/31/82	2.5%
04/01/82 to Present	0.0%

**Accumulated carry-overs for Miscellaneous Tier 3 and Safety Tier 2 are as follows:

On or Before 03/31/94	5.0%
04/01/94 to 03/31/97	5.0%
04/01/97 to 03/31/98	4.5%
04/01/98 to 03/31/99	3.0%
04/01/99 to 03/31/00	2.0%

For Your Review – Basic Retirement Definitions

Annuity: A series of periodic payments for a fixed period or for life. That portion of a SCERS retirement allowance made from funds contributed by the member.

Asset Allocation: Process that determines the optimal distribution of investment funds among various types of assets.

Beneficiary: The person formally designated by a member, retiree or statute to receive benefits or payments upon the death of the member or retiree.

Beneficiary Receiving Allowance: A person who is receiving a continuing monthly allowance following the death of a member before or after the member's retirement.

Benefit: Rights of the member or beneficiary to either cash or services after meeting the eligibility requirements of the pension plan.

Defined Benefit Plan: A retirement plan that promises a specified benefit amount at retirement or death calculated in accordance with a formula which takes into consideration a members' age at retirement, years of credited plan service and final compensation.

Durable Power of Attorney: A legal document which designates an "agent" to perform financial decisions, such as paying bills or handling investments. "Durable" means that the designation stays in effect even after you are incapacitated.

Fiduciary: Indicates the relationship of trust and confidence where one person (the fiduciary) holds or controls property for the benefit of another person, e.g., the relationship between the Members of the SCERS Board and SCERS Members and retirees. Members of the SCERS Board and staff who have discretionary authority or responsibility in the administration of the system are considered fiduciaries.

Fiduciary Responsibility: A legal requirement that a fiduciary execute duties with care, skill, prudence, diligence and in the exclusive interest of plan participant's and beneficiaries

Health Care Durable Power of Attorney: A legal document which designates a "proxy" who will make decisions about routine health care, such as a change in medication, a decision to have surgery, about long-term care or life support.

Living Will: A written directive which specifies what doctors are to do or not to do on your behalf if you are unable to communicate your wishes at the time when such decisions need to be made.

Pension: Payments for life derived from contributions made from funds controlled by the Board of Supervisors, or from funds of a member district.

Retiree: A SCERS member who has met eligibility requirements for a service retirement or disability retirement and is receiving a continuing monthly retirement allowance.

Retirement Allowance: A continuing monthly allowance paid to a SCERS retiree consisting of a current service annuity, a current service pension, and, where applicable, a cost-of-living increase.

SCERS Board: The Sacramento County Employees' Retirement System Board. Synonymously referred to as the Sacramento County "Board of Retirement," "Retirement Board," the "plan trustees," and the "plan fiduciaries."

Temporary Annuity: A SCERS member who retires for service prior to the age of becoming eligible for retirement benefits under the federal system (Social Security) and who at time of retiring for service is fully matured under the federal system may, with the approval of the SCERS Board, elect to have her/his retirement allowance increased prior to such eligible age and reduced after such age by amounts which have equivalent actuarial values. This modification is for the purpose of coordinating a member's retirement allowance with benefits receivable from the federal system.

Will: A legal document which directs the disposition of assets after death.

SACRAMENTO COUNTY
EMPLOYEES' RETIREMENT
SYSTEM

980 9th Street, Suite 750
P.O. Box 627
Sacramento, CA 95812-0627

Phone: 916 874-9119
Fax: 916-874-6060
Email: sacretire@saccounty.net

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www.co.sacramento.ca.us/retirement



SCERS

Perspectives (wisdom from the internet)



“Contrary to a common stereotype about aging, creativity often increases when people get older,” says Dr. Gene Cohen, director of the Center on Aging Health, and Humanities at George Washington University, Washington, D.C. “Older people returning to the classroom is an escalating phenomenon.”

Cohen has been studying creativity for a book to be published next fall by Avon Books (Creativity and Aging: Unleashing Human Potential in the Second Half of Life). He observes that seniors are more likely to take risks and experiment, because they are at an age in which they are very comfortable with themselves.

“Retirement is a boon to creativity,” says Cohen. “It acts just as a patron of the arts would in that it is a time in life of reduced responsibilities and increased financial security. For the first time in many people’s lives, they finally have the time and the means to explore their creative potential.”

“The perfect example is Grandma Moses,” says Cohen. “She lost her husband when she turned 67 and took up needlepoint embroidery. At 78, she developed arthritis and could no longer work with needlepoint. So she turned to painting, which she did to world acclaim until age 101. Her last painting was called “Rainbow.” She was a tremendously optimistic person.”

“People who find activities that are stimulating, entertaining, and even have a social context, tend to have the most robust mental responses,” says Dr. Cohen.

*For more information on this and other perspectives of interest, check out the **Seniors.com** website.*