

SCERS NEWSLETTER

RETIREMENT INFORMATION

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A Message from SCERS' CEO

Since our last newsletter, much has changed at SCERS and in the world.

As for SCERS, we have added new staff to our ranks and are working diligently on improving member services.

We have worked through a backlog of retirement applications, put a major IT project on a better path that will ultimately provide more online services to members, and continued to roll out more education videos on our website. This summer we hope to finalize a lengthy and complicated correction process for members affected by a 2020 California Supreme Court decision.

Despite world events and rising inflation that led to volatility in the investment markets, SCERS pensions remain a safe harbor. Our funding levels stand strong after last year's 28% record investment return and are built on a stable foundation designed to weather downturns and manage risk.



—Eric Stern

Pre-Retirement Application Surge

This year, SCERS received more retirement applications in January than any month over the past three years. After seeing retirement activity dip during the COVID-19 pandemic, retirements are back up. The Great Resignation wave we see in the news is also the Great Retirement wave for the Sacramento County workforce.

Many members choose to retire just before March 31 in order to become immediately eligible for a cost of living adjustment (COLA) that is applied in the April pension payment. However, no matter when you retire, the COLA is compounding and applied every April, adding onto your prior retirement allowance.*

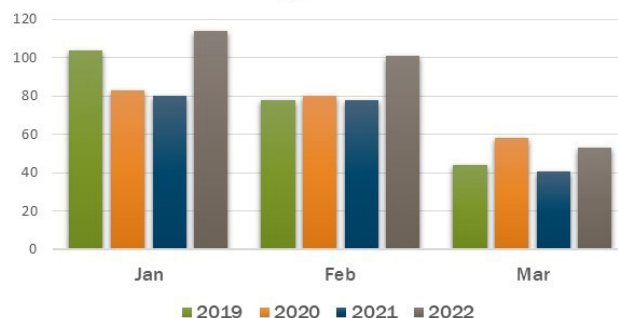
You may want to consider a retirement date based on the age factor which increases your benefit incrementally every quarter year until the maximum age for your tier's formula is reached. Compensation also factors into the pension calculation, and generally increases each year as well.

Most COLAs are capped at 2% and are applied each year. When SCERS sees a rush to retire in March each year, we ask: Does the value of immediately receiving a 2% COLA outweigh the benefit of waiting to retire for another quarter-year birthday, or the value of a potential pay bump?

All factors, including your other retirement income sources, should be considered when weighing the timing of retirement to ensure you meet your financial goals after you retire.

The heavy volume of retirement activity leads to slower processing times, despite our team putting in extra hours and using temporary staff. SCERS appreciates your patience as staff works hard to process the high volume of applications received.

Retirement Applications Received



*The Miscellaneous Tier 2 benefit plan does not include a COLA.



Getting a Divorce? Keep SCERS Informed.

Benefits earned through your SCERS-covered employment during the time you are married are community property (that is, they belong equally to you and your spouse). In the event you divorce or are legally separated from your spouse, a court order may be issued concerning your retirement benefits. Note: “Marriage” and “divorce” also applies to the commencement or dissolution of domestic partnerships registered with the Secretary of State, with the date of registration substituted for the date of marriage.

If it is determined by the court or through an agreement between you and your former spouse that SCERS benefits will be divided, two methods of payment are available:

1. **Separate accounts.** This method divides the community property, including your Member Contributions and interest and Service Credit, into two separate accounts, one for you and one for your former spouse. This method is only available for a member prior to retirement who is not yet receiving monthly benefits from SCERS.
2. **Shared accounts.** Under this method, the account itself is not divided. However, the monthly retirement benefit payments you receive from SCERS are divided between you and your former spouse.

If you and/or your spouse file for divorce, you should take the following steps:

- Refer to SCERS’ Dissolution of Marriage Guidelines found in the Forms section of our website.
- Contact SCERS as early as possible to discuss and plan for any impact of divorce on your SCERS account and benefits.
- Update your designated Beneficiary(ies), if necessary.
- Complete and return a Member’s Affidavit form.

These steps should take place prior to your retirement so your retirement application processing is not delayed. Visit scers.org/marriage-divorce for more information.

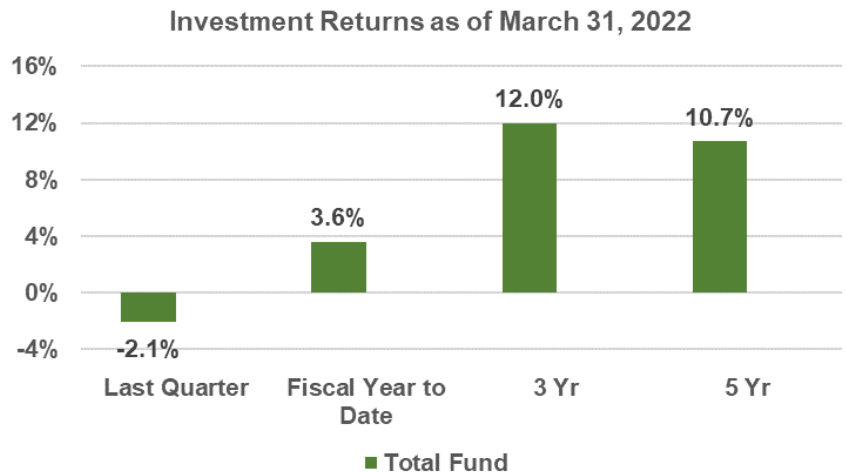
Quarterly Investment Status

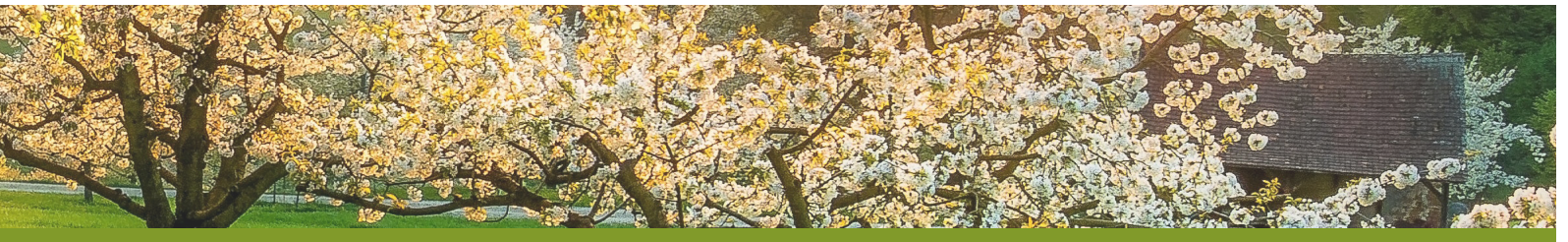
SCERS’ total fund generated a -2.1% return during the first quarter of 2022. With markets continuing to struggle, SCERS is likely to fall short of the actuarial rate of return target of 6.75% this fiscal year. However, SCERS’ portfolio returned an exceptional +27.7% last year, providing a buffer for the current negative returns. While the returns fall below expectations, SCERS ranks in the top decile of performance among peer public pension plans.

The Global Equity (-6.9%) and Fixed Income (-6.1%) asset classes detracted from performance; however, positive returns within the less correlated Absolute Return (+1.2%) asset class, and the inflation sensitive Real Estate (+6.1) and Real Assets (+7.0%) asset classes, are preventing larger portfolio losses.

Many challenges are impacting markets in 2022, including rising interest rates as the Federal Reserve seeks to quell inflation levels that haven’t been seen in forty years, and Russia’s invasion of Ukraine. As a result, both equity and bond markets are struggling.

Market downturns are inevitable, particularly after the exceptional returns experienced over the past several years. SCERS’ portfolio is designed to perform across a variety of market environments, including participating in up markets while also protecting capital during market dislocations.





A Salute to SCERS' Founding Father



When John Adams traveled to France on a diplomatic mission during the Revolutionary War, he wrote a letter home describing his role in the struggle to develop a new nation. Instead of enjoying the beauty of Paris with its magnificent architecture and art, Adams said he was focused on mastering politics and war, so his children could one day study math

and science, in order for their children to have the luxury of enjoying the finer things in life.

That same spirit and determination embodied SCERS' first chief executive officer, **John Descamp**, who served the agency for 26 years with steadfast dedication to the art of legislation, administration, and negotiation, through what he called "thick and thin, controversy and chaos, good times and bad times," that laid the foundation of SCERS' success today.

SCERS caught up with Mr. Descamp, now 75 and retired in Elk Grove, to reflect on his legacy at SCERS. A Pennsylvania native, Mr. Descamp began his Sacramento County career in 1978 after serving in the Army and earning an MBA at CSU Sacramento. Hired as an Administrative Trainee with the Treasurer's Office, he held subsequent roles of Retirement Technician, Retirement Officer, and Retirement Administrator/Chief Executive Officer before retiring in 2004.

Mr. Descamp laid the cornerstone of the independent governance structure that has served SCERS and its members since 1987. He also oversaw the expansion of the investment program into a diversified, multi-billion-dollar portfolio, and steadied the organization through constitutional amendments, new state laws, and federal and state tax regulations that dramatically reshaped retirement benefits and pension operations. He also helped establish statewide associations to support education programming for trustees who serve on retirement boards.

He was often praised for his work ethic and dedication to members. In an award nomination from the 1990s, R.M. Nyman, the president of the Sacramento County Retired Employees' Association, noted that it was usual "to find him in the office before 5:00 a.m. and staying past 5:00 p.m."

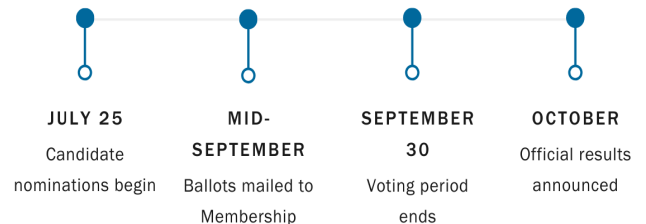
Today, Mr. Descamp is focused on community involvement, philanthropic giving, and enjoying walks with his rescued canine companion, Buddy. At SCERS, he will always be recognized for the hard work of building up an organization for future generations, so we can all enjoy and appreciate the finer things in life today.

SCERS Board Election Coming Soon

This fall, SCERS will conduct an election to fill one vacant Miscellaneous seat, one Retiree seat, and one Alternate Retiree seat on the Board of Retirement for three-year terms that begin January 2023.

Under state law, the successful candidate for the Miscellaneous seat will be able to serve immediately. The Miscellaneous designation refers to a current employee who is not in a law enforcement or firefighter classification.

Notices regarding the nomination and election process will be distributed to current Miscellaneous members through work email addresses and mailed to Retired members this summer. In September, SCERS will be mailing out ballots. Additional information will be posted at scers.org/retirement-board-election.



Board of Retirement

The SCERS Board is responsible for administering the pension plan in accordance with governing law, managing risk, and protecting both plan assets and the interests of the plan beneficiaries.

Rick Fowler, President. Appointed by the Board of Supervisors

Keith DeVore, Vice President. Appointed by the Board of Supervisors

Martha Hoover, Elected by Retired Members

Ben Lamera, Ex-Officio. Director of Finance

Alina Mangru, Elected by Miscellaneous Members

Jack Noble, Elected by Safety Members

Ronald Suter, Appointed by the Board of Supervisors

Vacant, Trustee, Appointed by the Board of Supervisors

Vacant, Trustee, Elected by Miscellaneous Members

Chris Giboney (alternate), Elected by Safety Members

Kathy O'Neil (alternate), Elected by Retired Members

Learn more about our Board at scers.org/board.



Sacramento County
 Employees' Retirement System
 980 9th Street, Suite 1900
 Sacramento, CA 95814

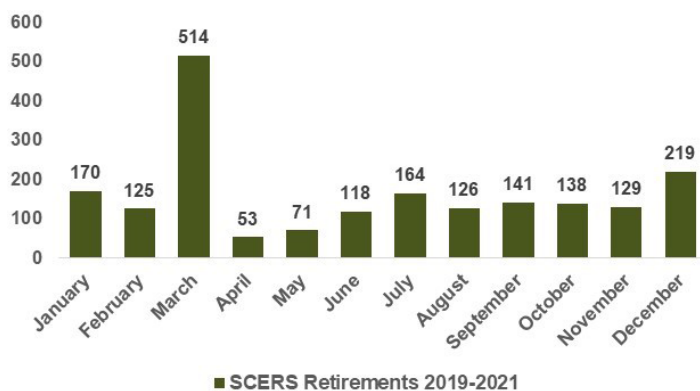
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Retirements by Month

Over the last three years, more than one-fourth of all new SCERS retirees chose to retire in the month of March.

This pattern is due in part to members timing their retirement to be eligible for the annual cost of living adjustment (COLA) that is applied in April pension payments. Most members who retire on or before March 31 are immediately eligible for that year's COLA.

Before settling on a retirement date, we recommend discussing your options with a SCERS benefit specialist. COLAs for most members are capped at 2% and are applied annually, regardless of which month you retire.



Upcoming Events

Board meetings have returned to in-person events, with live-streamed meeting links accessible from our home page quick link menu.

Visit scers.org/retirement-board-meetings for agendas, minutes, and other Board updates.

Pension Planning webinar information can be found at scers.org/pension-planning-webinars.

Board Meetings - 10:00 a.m.

- Wednesday, June 15
- Wednesday, August 17
- Wednesday, September 21

Pension Planning Webinars - 10:00 a.m.

- Wednesday, August 24
- Wednesday, November 2