



Quotes to remember:

"The highest use of capital is not to make more money, but to make money do more for the betterment of life.."

-Henry Ford (1863-1947)

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The Finish Line

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

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Coming This Summer to SCERS Website: Online Access to Your Account Information!

SCERS staff has been working together with Office of Communication and Information Technology programmers for over two years to bring you more and better information about your retirement system and the benefits the system provides to you. SCERS website became accessible in April of 1999. In September of 1999, we launched our Retirement Planning Benefit Calculator which allows the visitor to create various "what if" scenarios involving years of service, age at retirement and final compensation.

In the next few months, we will implement still another enhancement which will enable you to take an active role in planning for your retirement. You will be able to access your own, current, member account information any time, online. Information available will be similar to the information provided to you each March in your Member's Annual Statement. While your annual statement provides year end account balances, your online access will deliver current account information (generally, with only one or two pay periods delay).

To maintain the security and confidentiality of your account information, by U. S. mail, we will soon send to each SCERS member, County or Special District, Active or Deferred, a randomly generated temporary password. Once you have your temporary password in hand, you will be able to "logon" to your SCERS account using your COMPASS employee identification number. If you are a Special District or

Deferred SCERS Member, we will provide you with an identification number and password which will enable you to logon. Once logged on, you will be requested to select your own secret password, and to provide a "hint" to be used if you forget

your password at some future time. A diagram demonstrating how the logon process will work will accompany your temporary password.

The security design will inspire your confidence in the level of safety being provided to protect your account information from view by unauthorized persons.

After you have completed the logon process, your account information will automatically populate the appropriate fields in SCERS Retirement Planning Benefit Calculator screen. You will only need to enter your planned retirement date, and your estimated final compensation, push the "calculate" button, and receive your estimate!! SCERS is eager for you to use the new enhanced benefit calculator, and we look forward to any comments you may have.



A Few Words on Benefits, Authorities, Funding Sources, etc.



As a reading of your SCERS Retirement Handbook would reveal, SCERS was enacted and is managed and administered in accordance with provisions of the County Employees' Retirement Law of 1937 (California Government Code Section 31450 et seq.).

Although "management" of SCERS is the exclusive responsibility of the Retirement Board, certain authorities as defined in the 1937 Act are granted to governing bodies of the sponsoring county and member districts. One such authority is that of determining the service retirement formula (e.g., "x" percent of final compensation per year of credited service, the final compensation averaging period of one or three years, and the funded post retirement cost-of-living increases) subject to each "tier" of membership, as explained on pages 38 and 39 of the Handbook.

Your reading will reveal that, arising from the collective bargaining process, the Sacramento County Board of Supervisors has adopted two "safety" membership tiers and three "miscellaneous" membership tiers, utilizing provisions adopted by the legislature and signed into law (i.e. amended into the 1937 Act) by various governors. In adopting these tiers or future tiers, the Board of Supervisors is restricted only to

using provisions already included in the 1937 Act.

The Retirement Board, within confines of the 1937 Act, is responsible for the investment of the monies in SCERS investment portfolio, as well as the development of employee and employer contribution rates, arising out of annual valuations performed by SCERS' retained actuary. Investment earnings and employer and employee contributions are allocated to "reserve" accounts to "fund" benefit provisions adopted by the Board of Supervisors.

The Retirement Board has been highly successful over time with SCERS investment portfolio (see page 6 of this newsletter). As a result, the Board of Supervisors has adopted certain benefit provisions (most recently an enhancement of the burial benefit for retirees to \$4,000) and both employee and employer contribution rates (to SCERS) have been reduced to significant lows. If new provisions are amended into the 1937 Act and the collective bargaining process results in changes to SCERS benefit design (e.g., addition or deletion of tiers), the Retirement Board will meet its responsibility to properly fund these benefits.

"Although "management" of SCERS is the exclusive responsibility of the Retirement Board, certain authorities as defined in the 1937 Act are granted to governing bodies of the sponsoring county and member districts."

Patience....patience....patience!

"Nothing in this world can take the place of persistence. Talent will not; nothing is more common than unsuccessful people with talent, Genius will not; unrewarded genius is almost a proverb. Education will not; the world is full of educated derelicts. Persistence and determination alone are omnipotent. The slogan 'press on' has solved and always will solve the problems of the human race." -Calvin Coolidge, 20th-century American president.

There's no doubt about it. If you will pardon the pun, Sacramento County's COM-PASS program is going in the right direction. Improvements are made each pay-

day, and past errors are in the process of correction. Since January of 1999, some of you have expressed your concerns that errors in bi-weekly pay resulted in errors in retirement contributions being over- or under-withheld. Be assured that SCERS staff is alert and observant in recognizing any retirement related errors which may occur in the course of payroll production. Making certain that your retirement account accurately reflects your service and earnings is the number one priority for SCERS staff.



Moving in the right direction.....

SCERS Board, Board of Supervisors Increase Post Retirement Health Insurance Subsidy and Burial Allowance

The SCERS Board and the Sacramento County Board of Supervisors have acted to increase non-vested medical plan premium offsets for retirees and surviving spouses for fiscal year 2000-2001, using \$9.5 million in SCERS investment earnings which the SCERS Board has allocated for that purpose. The Retiree Health Care Benefits Program for Fiscal Year 2000-2001 medical plan premium offsets are based upon a graduated scale related to SCERS credited service at time of retirement. The "new" subsidy amounts are as follows:

	New
Less than 10 years	\$ 93.00
10 years but less than 15	\$116.00
15 years but less than 20	\$139.00
20 years but less than 25	\$162.00
25 or more years	\$186.00

Retirees saw still another improvement

ment in post-retirement benefits this year. By Statutes of 1997, the California Legislature added Government Code Section 31789.5 which permits a board of supervisors to enhance a burial benefit defined in the County Employees Retirement Law of 1937. It was just one year ago that the Sacramento County Board of Supervisors took action recommended by the SCERS Board to double the burial allowance to be provided to SCERS retirees, increasing the benefit from \$1,000 to \$2,000. Thanks to another year of growth in available excess earnings, the Board of Retirement recommended enhancing the death benefit again. Thus, at its meeting on February 22, 2000, the County Board of Supervisors once more responded to the practical needs of SCERS retirees, and acted to increase the burial allowance to \$4,000. [Please make a note of the change in your Retirement Handbook on page 29.]



Post Retirement Benefits enhanced!

"Thanks to another year of growth in available excess earnings, the Board of Retirement recommended enhancing the death benefit again."

Employee Contribution Rates Remain the Same for FY 2000-01

Annually, the SCERS retained actuary performs an actuarial valuation of SCERS, determining in the process the system's long-term liabilities for promised benefits and system assets available to fund them. The actuarial valuation of SCERS as of June 30, 1999 resulted in an actuarial increase in liabilities which would usually result in an increase in employee/member contribution rates. How-

ever, due to a utilization of \$7.6 million allocated to employee/member reserves from excess earnings, the SCERS Board is able to maintain for fiscal year 2000-2001 the contribution rates made applicable in July 1999. Thus, there will be no change in employee/member rates for 2000-2001.



Excess earnings help keep rates

Board of Supervisors Adopts Article 8.4 Relative to Community Property Interests

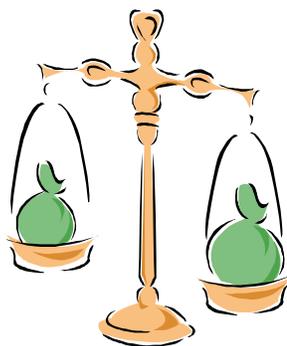
On recommendation of the SCERS Board, the Sacramento County Board of Supervisors by resolution adopted May 23, 2000 has made Article 8.4 (Sections 31685 - 31685.96) applicable to SCERS.

Simply stated, Article 8.4 enables a SCERS member's account to literally be divided into two completely separate accounts, one for "Member" and the other for "Non-Member (Ex) Spouse," upon SCERS receipt of a court-endorsed domestic relations order. Thus, each party is provided his/her own service credits and contributions and interest. Subject to specified provisions, each may retire and re-

ceive applicable retirement benefits, at his/her own inclination.

Article 8.4 provides an alternative approach to determining community property interests (from the methodology previously applicable to SCERS). It is more easily understandable and offers greater flexibility. It also enables both parties in cases of marital dissolution to bring closure to the matter more quickly.

For members not already retired and for whom no domestic relations order has been already court endorsed, SCERS has prepared Article 8.4 Guidelines which are available upon written request.



Splitting retirement accounts in accordance with a domestic relations order.....

Service Credit Purchase Possibility for a Select Few



If you were an employee with Live Oak Mental Health Facility during the period of July 1, 1982 through June 25, 1983, you may be eligible to purchase such "temporary" time as premembership service credit with SCERS. For further information, contact SCERS in writing, "Attention: SCERS Purchasable Service Counselor."



**Test your Smarts:
Why are 1990 American dollar bills worth more than 1989 American dollar bills?**

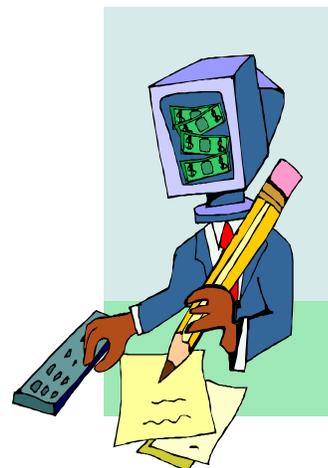
One thousand nine hundred and ninety dollar bills are worth more than one thousand nine hundred and eighty-nine dollar bills.

Minding your Retirement P's and Q's.....

We often use the expression, mind your P's and Q's" when we want someone to be careful, but there's more than one version of the story about where the idiom comes from. Our favorite goes back to the old English pubs where pints and quarts of ale were marked on a chalkboard under the headings of "P's" and "Q's" - when a patron had accumulated a high number of marks, he would be reminded to "mind his P's and Q's."

Each year, generally in the month of March, your retirement system sends you a copy of your Member's Annual Statement. This year the statement format was revised to provide more and better background information as well as information regarding your personal retirement account. For the first time this year, instead of distributing it through the same channel as payroll

checks, your statement was mailed directly to your address of record. This process gives you the opportunity to "mind your retirement P's and Q's" by verifying your length of service and your tier(s) of service as well as insuring that SCERS has your correct address of record. (Remember that you must provide your correct and current address to your payroll/personnel department as well as to SCERS.) You are encouraged to read the background material accompanying your personal account information and to notify SCERS staff if you have questions or comments about your statement.



Checking your years of service and tier of membership regularly is the best way to ensure an easy retirement process once you reach that milestone.

The Rational Inquirer

A new feature of The Finish Line giving you the latest scoop - about your retirement benefits!



This month's featured question was submitted by Mel N. Colley, of the Department of Human Persistence.

Mel's Question: My department just celebrated my tenth anniversary as a County employee – I got a pin and everything. How is it that my SCERS annual statement only shows 9.5 years of service credit? The guy in the cubicle next door started work the same day I did and he has 10.0 years of service credit!

Well, Mel, was any of your service temporary? If so, your service as a temporary employee for the County of Sacramento, or any of the member special districts was non-contributory....that is, temporary employees do not pay into the retirement system, are not members, and thus receive no SCERS service credits. But here's the good news.....you can purchase credit for temporary time, once you are a permanent employee! Just give our office a call.

By the way, Mel, remember that your annual statement calculates service credits through the last day of the last full pay period for

which the payday was in the previous calendar year. Service credits between the last pay period end date and December 31 will appear on next year's statement.

One more thing – don't forget to review your record to see if you had any leaves of absence (LOA) or perhaps had a period of State Disability Insurance (SDI) integration. During periods which you were on LOA or on SDI, you would not have gotten full retirement credit. Here too, those missing credits can be purchased once you return to membership employment.

As for your neighbor in the next cubicle, there are a variety of possible reasons for the difference in your service credits versus those of other SCERS members, some of which are explained here, Others may be revealed by your reading of SCERS' Retirement Handbook.

LOOK FOR MORE "WATER COOLER" TALK IN FUTURE ISSUES OF "THE FINISH LINE."

SCERS' many publications are your best sources of information about your retirement benefits!



SCERS INVESTMENT UPDATE

SCERS investment returns through March 31, 2000 were 3.24% for the quarter ending March 31, 2000 and 16.9% for the twelve-month period. These returns reflect the continuing favorable investment environment over the period and the benefits of a widely diversified portfolio of stocks, bonds and real estate. The diversification of the investment portfolio allows SCERS to achieve favorable results while the equity and bond markets experience increasing volatility. These investment results continue to exceed SCERS actuarial assumed annualized return rate of 8%. Returns by major asset class for the quarter and one, three and five-year periods are shown in the Table below.

The best short and long-term investment results continue to come from the U.S. equity investments. For the quarter ending March 31, 2000 SCERS U.S. Equity returns were 4.98% bettering the Russell 3000 index return of 4.57%. The Russell 3000 index is the U.S. equity portfolio benchmark. The twelve-month returns also were better than the Russell 3000 index, returning 23.29% while the index returned 22.28%. Annualized U.S. equity investment returns were 24.10% over the past five years. Notably, SCERS U.S. equity small cap growth investment manager, Nicholas Applegate Capital Management, achieved an outstanding return of 112.4% over the past one year from investing in technology and telecommunications stocks.

Returns for international equity investments were also favorable. For the March quarter SCERS investment returns were 2.08% while the benchmark MSCI EAFE index declined returning .11%. For the one-year period international equity investment returns were 30.09% compared to a MSCI EAFE return of 25.72%. The annualized return for the past five-years is 14.36%. EAFE stands for Europe, Australia and the Far East. Morgan Stanley Capital International produces the MSCI EAFE index.

U.S. fixed income (bond) investments provided positive, but low returns over the one-year as rising interest rates impacted the bond market. Bond returns for March were 2.24% and the returns for the one-year period were 2.36%. These returns were slightly better than the broad U.S. bond market returns as measured by the Lehman Aggregate bond index, which returned 2.21% for the quarter and 1.88% for the twelve-month period.

SCERS remaining investments are in commercial real estate. The real estate investments returned 2.62% over the quarter and 9.88% over the one-year period. These investments provide strong cashflow to the Fund for making benefit payments and help reduce portfolio investment volatility because market values are stable.

SACRAMENTO COUNTY EMPLOYEES RETIREMENT SYSTEM					
INVESTMENT PERFORMANCE*					
31-Mar-00					
Asset Class	Market Value (\$ in 000's)	Quarter ending 3/31/2000	1 YEAR	3 YEAR	5 YEAR
U.S. Equity	\$1,578,242.60	4.98%	23.29%	25.06%	24.10%
International Equity	\$769,140.36	2.08%	30.09%	16.43%	14.36%
Fixed Income	\$1,140,635.08	2.24%	2.36%	6.94%	7.06%
Real Estate	\$256,668.16	2.82%	11.63%	14.49%	12.67%
Total Fund	\$3,744,686.20	3.24%	16.89%	17.95%	16.94%

* All investment returns are net of investment management fees.
Real estate returns are reported with a one-quarter lag.

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Elected by Miscellaneous Members
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- William Cox
Elected by Retired Members
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Appointed by the Board of Supervisors
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Appointed by the Board of Supervisors
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- Robert Woods
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