



Accessed SCERS Website? You can gain valuable knowledge and information at www.saccounty.net/retirement.

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The Finish Line

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

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Important Telephone Numbers

SCERS:

1-916-874-9119

SCERS FAX:

1-916-874-6060

SCERS TOLL FREE No:

1-800-336-1711

E-mail address:

sacretire@saccounty.net



Retirement Contribution Rate Changes - Effective July 2004 -

Sacramento County Employees' Retirement System Board-approved and Sacramento County Board of Supervisors-approved employer and employee contribution rates changes are to be implemented effective the first full pay period in July 2004.

These changes arise out of the SCERS Board's consideration of the SCERS actuary's recommendations following presentation of the Actuarial Valuation Report as of June 30, 2003, and a followup study with recommendations subsequent to the SCERS Board's adoption of a thirty year amortization period for unfunded accrued actuarial liabilities, and in consideration of SCERS' receipt of \$420 million of proceeds from the County's issuance of Pension Obligation Bonds (POB) on July 1.

Composite (i.e., the total rate applied, in the aggregate, across all plans and tiers for all membership employers) employer contribution rates being implemented prior to POB proceeds represent 17.14% of projected payrolls. After POB, the composite rate for County contributions is 13.89%. Composite employee rates represent 4.24% of payrolls.

Generally, the new employee rates affect members of plans and tiers as follows:

<u>Plan/Tier</u>	<u>Rate Change Effect</u>
Miscellaneous -Tier 1	Slight increase (.04%-.10%)
-Tier 2	No change
-Tier 3	No change
Safety -Tier 1*	Slight increase (.10%-.12%)
-Tier 2	Very slight increase (.01%-.02%)

*Exception – employees of Sacramento Metropolitan Fire District (the old North Highlands Fire Protection District) have a rate decrease (.12%-.16%).



**IMPORTANT NOTICE REGARDING
ANNUITANT MEDICAL AND DENTAL PREMIUM OFFSETS**

[For a historical perspective on this subject, refer to the SCERS website at www.saccounty.net/retirement then click on Newsletters and re-read: *The Latest Wrinkle*, particularly the September 2002, March 2003, and March 2004 editions; and, *The Finish Line*, December 2003.]

No SCERS Earnings Available for Fiscal Year 2004-2005 Offsets

At the November 20, 2003, SCERS board meeting, the board acknowledged the nonavailability of SCERS earnings for annuitant medical and dental care premium offsets for SCERS annuitants who are enrolled in Sacramento County-sponsored plans for Fiscal Year 2004-2005. The offsets, provided in various forms since 1980, had always been approved contingent upon the availability of SCERS "excess" earnings arising from SCERS investment performance. The board was told that, due to investment portfolio underperformance over the last several years (as with most institutional investors) largely attributable to lagging economies and the extended "bear" stock markets which, in turn, were exacerbated by international terrorism, corporate fraud scandals and lack of consumer confidence, excess earnings do not exist. It follows, they acknowledged, that absent SCERS excess earnings, without a determination by SCERS membership employers to pay for FY 04-05 offsets in some manner or fashion, these non-vested premium offsets will cease to exist.

Board of Supervisors Approves Offsets for "County Retired" Annuitants

At the Board of Supervisors' meetings of February 3 and 10 and March 16, 2004, the Board of Supervisors heard compelling stories and compassionate appeals from the Sacramento County Retired Employees' Association and from SCERS annuitants, requesting that "county" monies be allocated to pay for FY 04-05 medical and dental care offsets. At the March 2 Board of Supervisors' meeting, actuarially projected costs of four possible offset scenarios were made public. At the meeting of March 16, the Board of Supervisors formally adopted a medical and dental premium offset program for Sacramento County retired annuitants who are enrolled in Sacramento County-sponsored plans.

For Sacramento County retired annuitants* the FY04-05 medical premium offset program amounts are a continuation of those in effect for FY 03-04, specifically:

If the county retiree's years of SCERS <u>credited service is:</u>	Then, the maximum <u>monthly offset is:</u>	
	<u>Existing Program</u>	<u>New Program</u>
	<u>FY 2003-3004</u>	<u>FY 2004-2005</u>
Less than 10 years	\$122	\$122
10 years, but less than 15	\$152	\$152
15 years, but less than 20	\$182	\$182
20 years, but less than 25	\$212	\$212
25 or more years	\$244	\$244

*These offsets will not apply to annuitants whose SCERS membership employment was with an entity other than the County of Sacramento unless the governing body for such entity opts to provide them.

**Administrator/Chief Executive Officer
Recruitment Is Under Way**

John R. Descamp, long term administrator/chief executive officer of SCERS, is retiring. Recruitment for a successor is underway.

The SCERS Board has contracted with CPS Executive Search to coordinate and assist in the search and recruitment process. The final filing date was June 4, 2004.

Mr. Descamp's effective retirement date has not been decided as he has agreed to continue working until a successor is hired and in place.

The Board's selection of his successor is expected by late July or early August. Once decided, information will be posted on SCERS' website.

**A Word Or So From John R. Descamp
To SCERS Members**

Thank you!

I have been privileged and, indeed, honored, to have served as SCERS Administrator/Chief Executive Officer through thick and thin, controversy and chaos, good times and bad times for us all.

My heartfelt thanks go to all SCERS members and retirees and survivors with whom I have interacted and whom I have served since 1978.

I appreciate, more than my words can say, the trusting and cooperative relationship I have had with recognized bargaining units' representatives and with Sacramento County and SCERS member districts' management.

I applaud the Sacramento County Board of Supervisors for, during my time, acting both in the best interests of SCERS members and in the interests of the general public, making sometimes painful decisions, even heart-wrenching decisions, to provide for SCERS retirees even in the face of serious budgetary shortfalls.

My experience working for and with the members of the SCERS (Retirement) Board has been personally rewarding. I believe our record shows that we have, with the highest integrity, administered and managed the system. In fairly interpreting and applying laws, in granting or rejecting benefits, we have been loyal to plan participants. In prudently investing system assets, we have minimized contributions from sponsoring employers.

I have been blessed with dedicated and highly motivated SCERS staff who have daily demonstrated a caring and helpful attitude in serving SCERS members, particularly when staff or members were dealing with physical, mental, emotional or financial adversity. I am especially proud of them in those moments.

I leave SCERS in good hands and am confident for your future and the future of citizens and taxpayers you serve.

Thanks again for the honor and the privilege!

-John R. Descamp

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In addition, the County will continue to offer a dental care program with Delta Dental for retirees and eligible surviving spouses. For County retirees, the County will pay the retiree-only dental premium and retirees will have the option to add spousal coverage at \$27.19 per month.

[Legal instruments under which the Sacramento County Retiree Health Care Program for Fiscal Year 2004-05 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 cost, or subsidization at all. Whether health plan offerings continue is vested within the sole discretion of the Sacramento County Board of Supervisors. Whether or not subsidization continues, and if so, the level of the subsidy, or whether or not a participating employer continues participation in the County Retiree Health Care Program, is vested within the sole discretion of each eligible, participating employer through agreement with the County of Sacramento.]

Supervisors' Action is Not Applicable to Non-County Retirees

The Board of Supervisors-approved offsets, by virtue of that Board's actions alone, do not apply to the approximately one hundred SCERS annuitants whose SCERS monthly allowance stems from non-county SCERS membership service, e.g., it does not apply to retirees or employees or past employees from: Sacramento Employment and Training Agency; Florin Fire Protection District; Sacramento County Metropolitan Fire Protection District; North Highlands Fire Protection District; Carmichael, Mission Oaks, Orangevale and Sunrise parks districts; and Elk Grove, Galt-Arno and Fair Oaks cemetery districts.

Only in event that those entities' governing bodies approve a medical and dental benefit, will those entities' annuitants be provided medical or dental premium offsets for the 2004-2005 fiscal year.

If you are an employee or former employee of a SCERS member district and are a SCERS member by virtue of service with any entity other than Sacramento County, and are planning to retire in Fiscal Year 2004-05, you might attempt to contact such former employer to inquire as to whether or not such former employer might provide for premium offsets. Otherwise, if concerned, contact the County's Employee Benefits Office.

Policy Changes

Effective January 1, 2005 the following eligibility rules will apply to all retiree medical and dental plan participants, regardless of the amount of subsidy (if any) provided by the employer:

10 years of SCERS service is required for medical/dental coverage eligibility. Individuals who begin receiving retirement benefits on or after January 1, 2005 must have at least 10 years of SCERS service in order to be eligible to participate in the medical and/or dental program. (Note: If you currently have less than 10 years of service, you are eligible to participate under the current program eligibility rules if you start collecting retirement benefits **on or before December 31, 2004.**)

Spouses must be covered under the retiree medical and/or dental program at the time of a retiree's death in order to continue health coverage. Only spouses who are covered by the retiree medical and/or dental program at the time of the retiree's death will be eligible to continue to purchase coverage through the County program. A spouse may only be enrolled in the retiree dental plan at the time of retirement and initial enrollment. Under the retiree medical plans, a spouse and/or dependent children may be initially enrolled at retirement, or added to coverage during the annual enrollment each year.

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**County Employee Benefits Office to Administer Dental Plan Along
With Medical Plans**

The Employee Benefits Office is responsible for administering and maintaining information about eligibility for County-sponsored annuitant medical and dental plan coverage for FY 04-05.

Effective Date Of Changes

All changes, unless otherwise noted herein, become effective on July 1, 2004. This means that the first annuitant monthly warrant that will reflect the changes will be the automatic deposit or the warrant mailed at the end of July 2004.

For More Information

For more information about subsidization for retiree medical or dental plans, or eligibility for coverage under these plans, contact the County's Employee Benefits Office at the following numbers:

If your last name begins with:	<u>A-G</u>	<u>H-O</u>	<u>P-Z</u>
	874-5569	874-5582	874-5568



SCERS Board Selects Auditor And Actuary

Following Request For Proposals processes, the SCERS Board has selected: Macias, Gini and Company to provide auditing services; and, The Segal Company to provide actuarial services; to SCERS.

Both search processes were extensive and included issuance of the Request For Proposals, a selection review committee appraisal of responses and report back to the Board, and Board interviews of finalist candidates.

Macias, Gini and Company was the incumbent SCERS auditor and has been retained for a new three year term.

The Segal Company replaces Mercer Human Resource Consulting as retained actuary for a three year term.

Both firms are highly regarded for their knowledge, expertise and integrity and, are expected to well serve SCERS' plan participants and sponsoring employers.



CalPERS Long-Term Care Program

Frequently overlooked as part of public employees' retirement planning is a very important element, i.e., long-term care in event of extended illness, serious injury or frailty of old age. Help is available, however, for those who plan ahead for such events.

The opportunity exists for all California public employees and retirees, (including SCERS members) their spouses, parents, parents-in-law and siblings (age 18 and older) to enroll in the CalPERS-sponsored "CalPERS Long Term Care (LTC) Program".

LTC plans can help pay for extended care that would be needed with basic activities such as dressing, bathing or eating or for extended care at home, in an assisted living facility, adult day care center, or in a nursing home.

LTC has launched its' Communications Program to announce the availability of the program to employees. The opportunity to apply extends through August 31, 2004.

If interested, call 1-800-266-1050 to request a free application kit or visit the LTC program's website at www.calpers.ca.gov and click on the following links: 1. click on "For Members", 2. select the "Active Member" radio button and click "Next", 3. select the "Public Agency Employee" radio button and click "Next", 4. click on "Confirm", 5. click on "Long-Term Care Program". Remember, you must apply before the deadline of August 31, 2004.



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**27 Pay Days in 2004 Doesn't Matter
- in Calculating Retirement Allowances -**

Yes, year 2004 includes a February 29! Yes, year 2004 is a leap year!! Yes, Sacramento County will have 27 biweekly paydays in 2004!!! No, retiring in 2004 will not result in a higher retirement allowance due to retiring in a leap year with 27 County biweekly paydays. No way, nope, huh-ah!

