

# The Latest Wrinkle

*A Periodic Publication for Retirees and Beneficiaries of SCERS*

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## 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](http://www.saccounty.net/retirement) then click on Newsletters and re-read *The Latest Wrinkle*, particularly the September 2002 and the March 2003 editions.]

### 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 nonvested premium offsets will cease to exist.

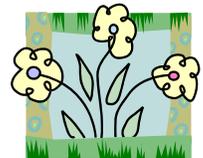
### Board of Supervisors Approves Offsets for "County Retired" Annuitants

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.

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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: [www.saccounty.net/retirement](http://www.saccounty.net/retirement)
- COUNTY INSURANCE OFFICE: 916-874-5568; 916-874-5569
- PACIFIC GROUP AGENCIES (DELTA DENTAL PLAN): 1-800-288-6601 or 1-818-364-2979





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For Sacramento County retired annuitants\* the FY04-05 premium offset program amounts are a continuation of those in effect for FY 03-04, specifically, a dental care premium offset for retiree only (or surviving spouse) and a medical premium offset program as follows:

**If the county retiree's  
years of SCERS  
credited service is:**

**Then the maximum  
monthly offset is:**

	<u>Existing Program</u> <u>FY 2003-2004</u>	<u>New Program</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 was with an entity other than the County of Sacramento unless the governing body for such entity opts to provide them.**

[Special Note: Legal instruments under which the Sacramento County Retiree Health Care Program for Fiscal Year 2004-2005 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 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 or SCERS member districts' governing bodies.]

**Supervisors' Action is Not Applicable to Non-County Retirees**

The Board of Supervisors-approved offsets 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 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 benefits for the 2004-2005 fiscal year.

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If you are a former member of a SCERS member district or were a SCERS member by virtue of service with any entity other than Sacramento County, you should attempt to contact such former employer to inquire at to whether or not such former employer might provide for such premium offsets. Otherwise, offsets currently provided to you will cease effective July 2004.

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

The County Benefits Office is responsible for administering and maintaining information about eligibility for County-sponsored annuitant medical and dental plan coverage for FY 04-05. It is expected that the Benefits Office will be sending out information to all affected annuitants before the start of the fiscal year.

**For More Information**

For more information about your retiree medical or dental plans, or your eligibility for coverage under these plans, contact the County 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

**Effective Date Of Changes**

All changes 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 to you at the end of July 2004.



**RECRUITMENT IS ON THE WAY – ADMINISTRATOR / CEO**

John R. Descamp, SCERS’ long-time Administrator and Chief Executive Officer, has announced his intended retirement to be effective summer of 2004. Accordingly, the SCERS’ Board has contracted with CPS Executive Search to conduct a comprehensive and efficient search for a successor and to facilitate an offer, acceptance and hire within time frames yet to be determined.

Mr. Descamp has informed the board of his willingness to be flexible with regard to staying on until the process is complete.

When asked to ponder what has been the most satisfying aspect of his career as SCERS’ Administrator / CEO, Mr. Descamp, after careful thought, opined, “Having the trust of SCERS’ plan participants, SCERS’ board members, county elected officials, managers and department heads, employee organization representatives, county and member districts, employees, SCERS’ staff, citizens and taxpayers and members of the communication media to attempt always to ‘do the right thing’, and to be fair and honest, even in the face of tremendous adversity and, at times self doubt, in recognition of the always present need to protect and defend the integrity of the retirement system.”



The Latest Wrinkle

**Annuitant Cost-of-Living Increases**  
**Approved For April 1, 2004**

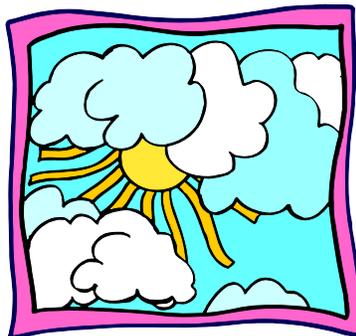
The SCERS Board at its regular meeting held February 19, 2004 approved the annual cost-of-living adjustments to be effective April 1, 2004 for eligible SCERS monthly annuitants. April retirement system warrants will reflect the approved increases:

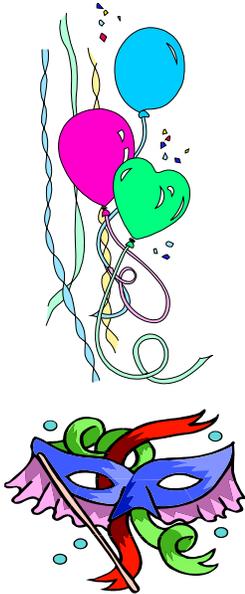
<u>If At Time Of Retirement Your Membership Category (Plan/Tier) Was:*</u>	<u>And Your Retirement Date Is:</u>	<u>Your April 1, 2004 Increase Is: **</u>
<u>Miscellaneous Tier 1 or Safety Tier 1</u>	On or before 3/31/82	4%
	On or after 4/01/82	2%
<u>Miscellaneous Tier 3 or Safety Tier 2</u>	On or before 3/31/04	2%
<u>Miscellaneous Tier 2</u>	- Not Eligible -	- Not Eligible -

\*The membership category applicable to you is indicated on the “tax information letter” you received at or shortly after your retirement, which you were advised to retain with your other important records. Another indication is your monthly SCERS remittance advice (pay stub) which indicates “Misc. 1”, “Misc. 2” or “Misc. 3” or “Safety 1” or “Safety 2”.

For retirees who retired with service under more than one category, the COLA applicable to each category will generally apply to the portion of your monthly allowance applicable to each category.

\*\*This cost-of-living increase does not apply to retiree medical premium offsets.





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Appointed by the Board of Supervisors

Ron Suter, First Vice-President  
Elected by Miscellaneous Members

John Kelly, 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

William D. Johnson  
Elected by Safety Members

Robert Woods  
Appointed by the Board of Supervisors

Steven Soto  
Alternate Safety Member

Nancy Wolford-Landers  
Alternate Retiree Member

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Chief Executive Officer

Jeffrey W. States  
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Vacant  
Chief Benefits Officer

Kathryn T. Regalia  
Chief Operations Officer

Newsletter Coordinator - Virginia Hayes

**Sacramento County Employees'  
Retirement System**  
980 9th Street, Suite 1800  
Sacramento, CA 95814

**“VENTURA” SETTLEMENT AGREEMENT – “AND THE BEAT GOES ON...”**

The so-called “Son of Ventura” lawsuits are somewhat behind us, thanks to a Settlement Agreement between the SCERS Board and Board of Supervisors (defendants) and the plaintiffs (active, retired, and deferred SCERS members) approved by the San Francisco County Superior Court and reported to SCERS annuitants via a special court-ordered notice which was provided with January 2004 pay warrants/remittance advice forms.

For “actives” (non-retired members of the class) the agreement eliminates the possibility of current employees having to pay retroactive contributions for increased benefits arising out of the original “Ventura” Supreme Court decision and SCERS implementation thereof. In return, employees are giving up the right to continue to argue that they are entitled to additional items of compensation, (e.g., “terminal pay”) to be considered as “compensation earnable” and thereby considered in computation of a retiring member’s “final compensation, “ i.e., one element in calculation of a retirement benefit.

For those already retired, the Settlement Agreement provided that those whose retirement benefit was based upon compensation earnable prior to December 1997 would be paid certain lump sum amounts up to January 1, 2004 (a value of \$25.9 million) and a going-forward increase to their monthly allowances (a value of \$29.1 million) would be applied February 1, 2004. Total value of benefits to be paid, including attorney fees, is \$55 million. These benefits are only applicable to monthly annuitants included on the SCERS pension payroll as of January 1, 2004.

In accordance with the agreement, on December 19, 2003, SCERS proceeded with implementation of the agreed-upon provisions. Specifically, the January 2004 pension payroll included lump sum amounts to 4,668 eligible SCERS annuitants. In addition, beginning with the February 2004 pension payroll, going forward percentage increases of 4.10% (safety) and 2.05% (miscellaneous) were applied to those same people.

At the settlement hearing Superior Court Judge Pollock temporarily rejected an award to attorneys amounting to \$6 million, and, instead, temporarily authorized payment to plaintiff’s attorneys of \$2.3 million which SCERS has promptly paid. As to the approximate \$3.7 million difference, the judge set up a claims process which, after future consideration of the process and responses received by SCERS, he will readdress.

A hearing in San Francisco Superior Court is scheduled for April 5, 2004, to address remaining and as-yet unresolved issues.



SACRAMENTO COUNTY  
EMPLOYEES' RETIREMENT  
SYSTEM

980 9th Street, Suite 1800  
P.O. Box 627  
Sacramento, CA 95812-0627

Phone: 916 874-9119  
Fax: 916-874-6060  
Email: [sacretire@saccounty.net](mailto:sacretire@saccounty.net)

VISIT THE RETIREMENT  
WEBSITE :[www.saccounty.net/retirement](http://www.saccounty.net/retirement)

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# SCERS

## ANNUITANTS EMOTE OVER SIGNATURE VERIFICATION

In December 2003 SCERS sent out to all monthly annuitants an important reminder on eight items of concern to SCERS and to SCERS' annuitants. Included was a Signature Verification Form which we advised had to be completed, witnessed and returned by January 31, 2004.

Reaction to this mailing varied. Most timely followed instructions and mailed the form to SCERS without much ado. Others hand-carried the form to SCERS and had staff witness the signature (after providing photo ID). Still others, albeit a minority few, responded negatively, one such example being a returned, signed and completed form on which was rubber stamped "Another Asinine Form".

SCERS serves several purposes with this form.

Every month, SCERS mails out or electronically deposits \$8 million for our pension payroll annuitants. This is a significant responsibility. We need to make certain that monies are actually going to our intended benefit recipients and used exclusively for their behalf. We do this in several ways.

The Signature Verification form is only one. It is a mechanism for: 1) verifying the signature of the intended recipient (as we age, our signature ages too!); 2) verifying the address of the intended; 3) indicating by notation whether or not the recipient has a trusted care provider, a legal guardian or conservator or other person for SCERS to contact if necessary; 4) determining whether or not a care facility is involved; and 5) by all of the above, trying to prevent fraud or embezzlement. Prior to December 2003, the last time we mailed the form was 1995.

Naturally, retirees and survivors simply don't wish to be bothered unless absolutely necessary. After careers in County or SCERS member districts' service, understandably, everyone wishes to be left alone. Sometimes, however, bothering you provides a degree of security for the SCERS fund and for your personal SCERS account as well. SCERS thanks our monthly annuitants for your understanding, patience and coop-