

The *Latest* Wrinkle

A Periodic Publication for Retirees and Beneficiaries of SCERS

ANNUAL COST OF LIVING INCREASE ("COLA") SET BY BOARD OF RETIREMENT

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The Board of Retirement, at its regular meeting held February 11, 1999, adopted cost of living increases, pursuant to provisions of the "County Employees' Retirement Law of 1937". April 1999 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 Supervisors' ordinances

adopted in 1965, 1976, 1981, and 1994 arising out of collective bargaining agreements and Government Code Sections 31870 and 31874.2 shown on page 2.

Applicable increases by membership category and retirement date, effective April 1, 1999 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 the Category of | AND the Retirement Date Is: | THEN, the Applicable Cost-of-Living Increase is: |
|----------------------|-----------------------------|--|
| Safety Tier 1 | On or Before 03/31/82 | 4.0% |
| Safety Tier 1 | On or After 04/01/82 | 3.0% |
| Safety Tier 2 | On or After 06/25/95 | 2.0% |
| Miscellaneous Tier | On or Before 03/31/82 | 4.0% |
| Miscellaneous Tier | On or After 04/01/82 | 3.0% |
| Miscellaneous Tier 3 | On or After 04/01/82 | 2.0% |

Important Telephone Numbers

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

RETIREMENT BOARD
(AS OF JANUARY 1, 1999)

Jan Hoganson, President
Elected by Safety Members

Ronald Suter, Vice President
Elected by Miscellaneous Members

John Dark, Director of Finance
Ex-Officio

William Cox
Elected by Retired Members

Keith DeVore
Elected by Miscellaneous Members

James A. Diepenbrock
Appointed by the Board of Supervisors

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
John R. Descamp
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



It all adds up!

Government Code Sections Relating to COLA's

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 percentage 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 increase 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</u> | <u>4/1/99 Accumulated Carry-Over</u> |
|--------------------------------|--------------------------------------|
| 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:

| | |
|----------------------|------|
| Before 03/31/94 | 3.0% |
| 04/01/94 to 03/31/97 | 3.0% |
| 04/01/97 to 03/31/98 | 2.5% |
| 04/01/98 to 03/31/99 | 1.0% |

IMPORTANT INFORMATION: DELTA DENTAL COMPLAINT PROCEDURE, CLAIMS APPEAL AND ARBITRATION**

****NOTE:** The SCERS group plan is Delta Dental Plan of California Group No. 4063. SCERS "group representative" is Pacific Group Agencies. Before following this procedure, call PGA at 1-916-448-6601 or FAX to 1-916-448-6671.

If you have a question or complaint regarding the denial of dental services or claims, the policies, procedures and operations of Delta, or the quality of dental services performed by a Delta dentist, you may contact Delta at the address shown below or by calling toll-free 1 (888) 335-8227. You have 60 days after you receive notice of denial to appeal. (Any questions of ineligibility should be handled directly between you and your group.) If you write Delta, you must include the name of the patient, the group name and number, the eligible employees' name and social security number (or identification number) and your telephone number. You should also include a copy of the treatment form, Notice of Payment and any other information. Clearly explain your complaint.

You should receive a written decision on your request for review within 30 days unless more information is needed to resolve the matter. If referral to a dental consultant or review committee is required or other unusual circumstances arise, a decision may take longer but in no event later than 120 days after Delta receives your request.

California law requires us to inform you of the following:

If you have completed Delta's grievance process or if you have been involved in Delta's grievance process for 60 days, you may file a complaint with the California Department of Corporations if Delta has not satisfactorily resolved your grievance. You may immediately file a complaint with the Department in an emergency situation.

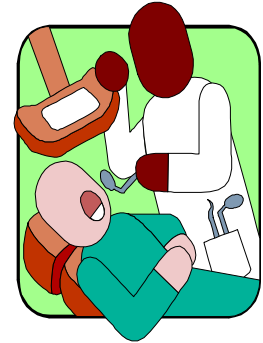
The California Department of Corporations is responsible for regulating healthcare service plans. The Department has a toll-free number **(1(800) 400-0815)** to receive complaints regarding health plans. If you have a grievance against the health plan, you should contact the plan and use the plan's grievance process. If you need the Department's help with a complaint involving an emergency grievance or with a grievance that has not been satisfactorily resolved by the plan, you may call the Department's toll-free telephone number.

Any dispute, which cannot be settled by these procedures, is subject to arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association in Los Angeles or San Francisco. Arbitration may be initiated by written demand upon each other party to the dispute as provided in your Evidence of Coverage.

DELTA DENTAL: PUBLIC POLICY PARTICIPATION BY ENROLLEES

Delta's Board of Directors includes subscribers and enrollees who participate in establishing Delta's public policy regarding enrollees through periodic review of Delta's Quality Assessment Program reports and communications from enrollees. Enrollees may submit any suggestions regarding Delta's public policy in writing to:

**DELTA DENTAL PLAN
OF CALIFORNIA**
Customer & Member
Service Department
P. O. Box 7736
San Francisco, CA 94120
Toll-free: 1(888) DELTA CS
(1 (888) 335-8227)



How are they doing?

"If you have a question or complaint regarding the denial of dental services or claim....."



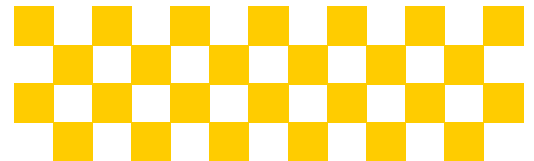
Cooperative Efforts Effect An Enhanced Burial Benefit



*Age does not always
bring wisdom....
Sometimes age comes
alone!*

Since 1984 the SCERS retiree burial benefit has been set at \$1,000. By Statutes of 1997, the California Legislature added Government Code Section 31789.5 which permits a board of supervisors to enhance that benefit. Accordingly, the Board of Directors of the Sacramento County Retired Employees' Association ("SCREA") sought support of the SCERS Board to enhance the allowance to \$2,000. The SCERS Board communicated such support to the Board of Supervisors and agreed to utilize excess

SCERS earnings to fund the enhancement. On March 2, 1999, the Board of Supervisors by resolution, agreed to raise the burial allowance to \$2,000, effective March 2, 1999. Congratulations to the SCREA Board, the SCERS Board, and the Sacramento County Board of Supervisors for exhibiting the utmost in cooperation in looking out for SCERS retirees.



Announcing the 1999 CalPERS Long Term Care Program.....

Do you think health insurance or Medicare covers you for long-term care? Typically, they don't. It's up to you to purchase this important protection. As a SCERS retiree, you (and your spouse) are eligible to apply from April 1 through June 30 for coverage from the CalPERS Long-Term Care Program. Now is the

time to request information about the CalPERS 1999 Long-Term Care Program. 1999 application kits for this program are now available from the California Public Employees' Retirement System. You owe it to yourself to at least check this out! Call 1-800-338-2244 day or night, don't delay.

Everyone's talking about the year 2000 (Y2K).....

As you have heard, Sacramento County has begun a major overhaul of all its financial systems: accounting, purchasing, materials management, fixed assets, personnel planning, payroll processes, etc. Team members from all county departments, as well as representatives from other agencies (such as SCERS) participated in this important project. One of the many benefits which will derive from the expansive Compass Project is the preven-

tion of problems which could result from date related changes in computer systems and programs. SCERS' staff is continuing to work with staff from the Office of Communications and Technology (OCIT) to refine the county's new Y2K compliant payroll system. The new payroll system ensures that your retirement benefits will continue uninterrupted into the next century.

As a SCERS retiree, you (and your spouse) are eligible to apply.....

Dear Boss,

I hope I haven't misunderstood your instructions. Because, to be honest, none of this Y to K problem makes any sense to me. At any rate, I have finished converting the months on all of the company calendars so that the year 2000 is ready and will have the right months...

- Januark
- Februark
- Mak
- Julk

Please note that none of the other months have a Y to change to a K.



1998 Investment Returns Ranks SCERS Fund High in Comparison to Public Funds Universe

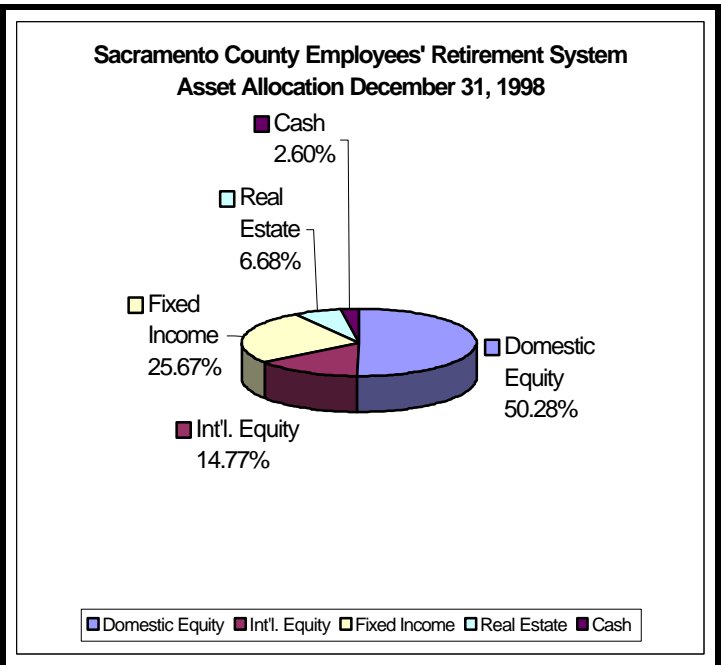
17.2% One Year Return Ranks in 19th Percentile of TUCS Public Fund Universe

The 17.2% investment return for the Sacramento County Employees' Retirement System for calendar year 1998 ranked in the top 19th percentile in the Trust Universe Comparison (TUCS) Public Fund Universe according to Mercer Investment Consulting, the Systems performance consultant in its *Investment Performance Evaluation Report for periods ending December 31, 1998*. This is the fourth consecutive year that investment returns have been in double digits. The Total Fund also ranked in the 23rd percentile for the three year period and 33rd percentile for the five year period ending December 31, 1998 in the TUCS Public Fund Universe.

The 17.2% return raised the market value of SCERS investment portfolio to \$3,229.0, million an increase of \$509 million from the market value on December 31, 1997.

The outstanding performance results come from the comparatively good performance of the domestic equity and fixed income investments. The total domestic equity performance over the 1,3 and 5 year periods as reported in the Mercer Report have consistently been at or near the 33rd percentile in the universe comparisons. The domestic fixed income results also have been above the median public fund for each of the periods. SCERS investment performance for the 1,3 and 5 year period is shown in the following table.

The consistent, above median, fund performance and the double digit investment returns, demonstrate the effectiveness of the funds strategic asset allocation, set by the SCERS Board. The asset allocation is well diversified between stocks, bonds and real estate with a five year focus for investment returns and does not attempt to tactically time the market by making short-term shifts. The current distribution of SCERS assets on December 31, 1998 was 50.3% in domestic equity, 14.8% international equity, 25.6% fixed income, 6.7% real estate and 2.6% cash.



| Sacramento County Employees' Retirement System Investment Performance December 31, 1998 | | | |
|---|--------------|--------------|--------------|
| Asset Class | 1 Year | 3 Year | 5 Year |
| Domestic Equity | 19.5% | 23.4% | 20.8% |
| International Equity | 19.4% | 10.0% | 9.4% |
| Fixed Income | 9.1% | 7.5% | 7.5% |
| Real Estate | 12.5% | 13.6% | 9.5% |
| Total Fund Return | 17.2% | 16.7% | 14.6% |

In Memoriam

Merle D. McKowen

**December 30, 1930 –
January 29, 1999**

**Assistant County Treasurer -
Tax Collector
(Retired)**

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

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Fax: 916-874-6060

Email: irisb@mail.sna.com

COMING SOON:
RETIREMENT WEB SITE



SCERS

Perspectives (wisdom from the internet)



Two men, both seriously ill, occupied the same hospital room. One man was allowed to sit up in his bed for an hour each afternoon to help drain the fluid from his lungs. His bed was next to the room's only window. The other man had to spend all his time flat on his back. The men talked for hours on end. They spoke of their wives and families, their homes, their jobs, their involvement in the military service, where they had been on vacation. And every afternoon, when the man in the bed by the window could sit up, he would pass the time by describing to his roommate all the things he could see outside the window.

The man in the other bed began to live for those one-hour periods where his world would be broadened and enlivened by all the activity and color of the world outside. The window overlooked a park with a lovely lake. Ducks and swans played on the water while children sailed their model boats. Flowers of every color of the rainbow would flicker in the wind. Grand old trees graced the landscape, and a fine view of the city skyline could be seen in the distance. As the man by the window described all this in exquisite detail, the man on the other side of the room would close his eyes and imagine the picturesque scene. Then unexpectedly, a sinister thought entered his mind. Why should the other man alone experience all the pleasures of seeing everything while he himself never got to see anything? It didn't seem fair. At first thought, the man felt ashamed. But as the days passed and he missed seeing more sights, his envy eroded into resentment and soon turned him sour. He began to brood and found himself unable to sleep.

Late one night, the man by the window died silently as he slept. As soon as it seemed appropriate, the other man asked if his bed could be moved over to where the other man's had been. The nurse was happy to make the switch. Slowly, painfully, he propped himself up on one elbow to take his first look at the world outside. Finally, he would have the joy of seeing it all himself. He strained to look out the window beside the bed. It faced a blank wall. The man asked the nurse what could have compelled his roommate to describe such wonderful things outside this window. The nurse responded that the man was blind, and could not even see the wall. She said, "Perhaps he just wanted to encourage you."