

The *Latest* Wrinkle

A Periodic Publication for Retirees and Beneficiaries of SCERS

Here's to your health:

ANNUAL HEALTH FAIRE/ANNUAL ENROLLMENT

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The County Insurance Office, the Sacramento County Retired Employees Association and ABD Insurance Services in conjunction with Health Net, Kaiser, Omni, Delta Health System, Mercy Hospital and the University of California Davis Medical Center will present a **Retiree Health Faire** to be held on **Thursday, October 15th, 1998** from 9:00 a.m. until 3:00 p.m. at Hamilton Street Park Recreation Center, 4855 Hamilton Street, located between Myrtle and Pasadena Avenues. Parking is off of Myrtle Avenue beyond the Recreation Center. Activities will include blood pressure testing, body fat testing, and distribution of information on cholesterol, cold and flu, diabetes and other health concerns.

The Sacramento County Insurance Office has provided the following information regarding enrollment meetings for retirees and beneficiaries who are currently enrolled in Sacra-

mento County sponsored medical plans. Three enrollment meetings are scheduled: **Wednesday, October 21, 1998** from 9:00 a.m. to Noon at the County Administration Building, 700 H Street, first floor lobby; **Thursday, October 22, 1998** from 9:00 a.m. to Noon at the Susie Gaines Mitchell Building, 2450 Florin Road, between Freeport and Franklin Boulevards. Use the Florin Road off ramps at either I-5 or Highway 99. Enter the side entrance on 25th Street, but parking is available in front of the building as well as on 25th Street, and **Tuesday, October 27, 1998**, from 9:00 a.m. until 4:00 p.m. at the Howard Johnson's Plaza Hotel, 3343 Bradshaw Road and Lincoln Village Road. Enter the ground level Sutter Room II in the middle section of the building. Parking is to the rear and side of the building.

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
- PACIFIC GROUP AGENCIES (DELTA DENTAL PLAN): 916-448-6601

SCERS Investment Performance

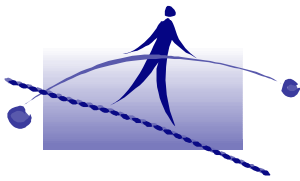
June 30, 1998

(Preliminary)

Asset Class:	1 Year	3 Year	5 Year
Domestic Equity	26.30%	26.78%	20.95%
International Equity	2.53%	11.63%	11.30%
Fixed Income	10.09%	7.91%	7.09%
Real Estate	15.53%	10.21%	6.01%
Total Fund Return:	17.83%	18.32%	14.54%

See
Asset Al-
location
article on
page 3!

Balanced Budget Act of 1997/Medicare Changes/ HCFA



Is the Balanced Budget Act of 1997 really balanced?

The Sacramento County Insurance office advises that the Balanced Budget Act of 1997 includes significant changes to Medicare characterized as the largest change to the program since inception. These changes are purported to take effect in January 1999. We are told that ABD Insurance Services, the Insurance Office's consultant, is currently reviewing the over seven hundred pages of text and will be prepared to address changes at the Health Fair and during the annual enrollment meetings.

One particular area of concern appears to

be with regard to letters expected to be sent by the federal Health Care Financing Administration ("HCFA") in coming months to Medicare-eligible retirees. The letter is expected to solicit sign-ups in HCFA approved plans. The Sacramento County Retired Employees Association and the Sacramento County Insurance Office caution against responding to the HCFA solicitation letter because HCFA plans are not Sacramento County sponsored plans, and enrolling could cause permanent loss of your Sacramento County sponsored plan coverage and any premium subsidies currently provided.

About your dental benefits.....

If you marry after your retirement date and wish to enroll your spouse in the dental plan.....

The SCERS contract with Delta Dental Plan of California provides for enrollment of living retirees' "new" spouses within thirty (30) days of marriage. This is a reminder for retirees that should you marry after your retirement date and decide to enroll your spouse in the SCERS sponsored Delta Dental Plan, to be eligible you must complete and submit to SCERS a spousal dental enrollment form within thirty days of the date of the marriage. Forms may be

acquired by visiting the SCERS office, by writing to the letterhead address, or by telephoning the SCERS office.

If you are a retiree with a spouse who is covered by Delta Dental, you must notify SCERS if your spouse passes away, so that SCERS can stop your spousal dental monthly premium deductions.

The Sacramento County Retired Employees Association ("SCREA")



Keep in touch through your retirees' association!

SCERS is distinct from SCREA. SCERS is your retirement system. SCREA is your retirees' association. SCREA organizes social gatherings (the summer picnic and the Christmas party), but most importantly, SCREA represents your interests as retirees or surviving spouses before the Board of Retirement or SCERS Administration, the Board of Supervisors, and the California State Legislature, in matters affecting your SCERS retirement allowances, cost-of-living increases, medical

and dental benefits, among others. SCREA also, through the SCREA "News Briefs," an excellently prepared and edited newsletter, informs its members of issues affecting SCERS and SCREA members. If you are not a SCREA member, but wish to become one, or if you wish to contact SCREA, you should telephone the SCREA Secretary, Dick Millin, at (916) 456-4904, or write to SCREA at: SCREA, P.O. Box 161414, Sacramento, CA 95816.



Asset Allocation Primary Determinant of Investment Performance

Numerous studies have shown that asset allocation is the primary determinant of a fund's investment performance. The studies indicate that as much as 90% of a fund's investment return is determined by the allocation of investments to stocks, bonds, real estate, cash and other investment vehicles. An appropriate asset allocation reflecting a fund's investment objectives can maximize investment returns while minimizing risk. The Sacramento County Employees' Retirement System (SCERS) Board has set a target asset allocation for the fund of 47% U.S. equities (stocks), 23% fixed income (bonds), 15% international or non-U.S. equities and 15% real estate. With the strong U.S. equity market the actual asset allocation as of June 30, 1998 was 51.8% U.S. equity, 14.5% non-U.S. equities, 9.9% real estate and 23.8% fixed income.

This asset allocation has allowed the fund to participate in the long running domestic equity bull market while reducing investment risk by not concentrating investments in a single asset type. Bond investments tend to increase in value when stocks drop. Real estate valuations generally are more stable than stocks and do not change with movements in the stock market. This diversification protects the fund's value when stock investments fall.

SCERS' Investments Return 17.83 % For Last Year

The fund investment return for the year ending June 30, 1998 was 17.83%, net of man-

ager fees and administrative expenses, according to State Street Analytics, SCERS performance evaluator. The gross return of the fund was 18.01%. SCERS investment manager returns by asset class for the twelve-month period ending June 30, 1998 were 26.30% for domestic equity, 10.09 % for fixed income, 2.53% for non-U.S. equity and 15.53% for real estate.

The annualized SCERS' fund investment return was 18.32% on an annualized basis for the past three years and 14.54% for the last five years, well ahead of the 8% annualized return set as the policy objective.

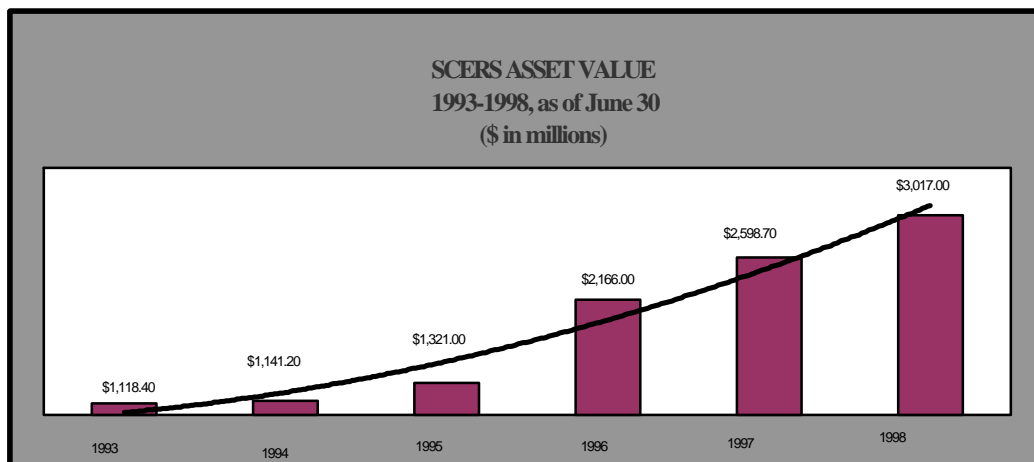
The market value of the fund topped \$3.0 billion for the first time during June 1998. The market value of the fund on June 30, 1998 was \$3.017 billion (unaudited) as determined by the fund's custodial bank State Street Bank of California. This is an increase in value of over \$400 million during the last year. This increase continues the substantial growth that has occurred in fund assets over the past five years. The fund has increased by over 250% from a value of \$ 1.18 billion on June 30, 1993 to its current level. Although the fund's value dropped when the stock market fell at the end of August, it dropped to approximately \$2.78 billion, a decline of less than 9% compared to a stock market decline of almost 19%. The market value was still 7% greater than the value on June 30, 1997.



How are we doing????



"The market value of the Fund on June 30, 1998 was \$3.017 billion (unaudited) as determined by the Fund's custodial bank State Street Bank of California. "



Monitoring SCERS
investments

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SCERS

Medical Plan Premium Offsets

The Sacramento County Board of Supervisors and Sacramento County Employees' Retirement System ("SCERS") Board have acted to provide a continuation of Sacramento County-sponsored medical plan premium offsets for retirees and surviving spouses for fiscal year 1998-1999. The Retiree Health Care Benefits Program medical plan premium offsets are based upon a graduated scale depending upon SCERS credited service at time of retirement, except that additional service creditable to a member retired for non-service-connected disability in accordance with Government Code Sections 31727(b) and 31727.2(b) is not included. The offset amounts are indicated below:



We've got you
covered!

If you are credited with:

Less than 10 years
10 years but less than 15
15 years but less than 20
20 years but less than 25
25 or more years

Then, SCERS will pay as described below and you will pay the rest of the premium.

\$ 78.00
\$ 98.00
\$117.00
\$137.00
\$156.00

If the coverage chosen results in a premium less than the maximum monthly offset, the actual benefit will be the premium amount only. It is of note that premium offsets are provided only for those enrolled in Sacramento County sponsored plans. Premium offsets are non-vested and are reviewed annually. Whereas County sponsored plan premiums are revised on a calendar year (January through December) basis, premium offsets are revised and made applicable on a fiscal year (July through June) basis.