



# The *Latest* Wrinkle

A Periodic Publication for Retirees and Beneficiaries of SCERS

*Here's to your health:*

## ANNUAL HEALTH FAIR/ANNUAL ENROLLMENT 1999

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### 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

The County Insurance/Benefits Office, the Sacramento County Retired Employees Association and ABD Insurance Services in conjunction with Health Net, Kaiser, Omni, Mercy Hospital and the University of California Davis Medical Center will present a **Retiree Health Fair** to be held on **Friday, October 15th, 1999** 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.

Also, the Sacramento County Insurance/Benefits Office has provided an advanced schedule regarding enrollment meetings for retirees and beneficiaries who are currently enrolled in Sacramento County sponsored medical plans. Three enrollment meetings are scheduled: **Thursday, October 7, 1999** from 9:00 a.m. to Noon at the County

Administration Building, 700 H Street, first floor lobby, **Thursday, October 21, 1999** 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 25<sup>th</sup> Street, but parking is also available in front of the building), and **Tuesday, October 26, 1999**, from 1:00 p.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).

The County Insurance/Benefits Office advises that informational packets will be mailed the week of September 20 – 24, 1999. If you do not receive your packet by September 30, 1999, please call 1-916-874-5568.



**RETIREMENT BOARD**

Jan Hoganson, President  
Elected by Safety Members

Ronald Suter, Vice President  
Elected by Miscellaneous Members

Mark Norris, 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

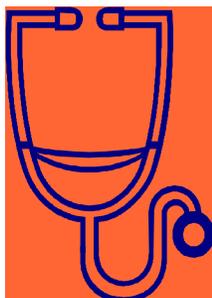
Executive Staff  
John R. Descamp  
Chief Executive Officer

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



**Clean bill of health  
for your medical  
premium offset!**

***Non-vested Benefit Extended Through June 2000***

The Sacramento County Board of Supervisors has acted to provide a continuation of Sacramento County-sponsored medical plan premium offsets for retirees and surviving spouses for fiscal year 1999-2000, beginning with "coverage" for July 1999, utilizing \$7.9 million in SCERS investment earnings which the SCERS Board has allocated for that purpose. The Retiree Health Care Benefits Program for Fiscal Year 1999-2000 medical plan premium offsets are based upon a graduated scale related to SCERS credited service at time of retirement. The "old" and "new" amounts (effective with June 1999 pension payroll) are as follows:

<u>Credited Service</u>	<u>Maximum Monthly Offset</u>
If you are credited with:	Then, SCERS will pay as described below and the retiree will pay the rest of the premium.

	Old	New
Less than 10 years	\$ 78.00	\$ 84.00
10 years but less than 15	\$ 98.00	\$105.00
15 years but less than 20	\$117.00	\$126.00
20 years but less than 25	\$137.00	\$147.00
25 or more years	\$156.00	\$167.00

Years of additional service creditable to a member retired for non-service-connected disability in accordance with Government Code Sections 31727(b) and 31727.2(b) are not included in determination of credited service for purpose of de-

termining medical benefit eligibility.

The increase in offset amounts ("Old" to "New") is reflective of the increase in base premium for the Program, i.e., the highest premium offered for County-sponsored health maintenance organization plans for a member under age 65 or with no Medicare eligibility (changed from \$156 to \$167).

In the event that the recipient's choice of a plan and coverage results in a premium that is less than the maximum monthly offset, the actual benefit shall be the amount of the premium.

As part of the Retiree Health Care Benefits Program For Fiscal Year 1999-2000, the SCERS Board has extended its Agreement with Delta Dental Service to provide SCERS-paid dental care coverage to SCERS retirees and surviving spouses, and coverage to living retirees' spouses at the retirees' expense. Living retirees' spousal dental care plan premiums will remain at \$28.43 monthly.

[Special Note: Legal instruments under which the Sacramento County Retiree Health Care Benefit Program For Fiscal year 1999-2000 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 care 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.]

## SCERS' Successful Actuarial Audit

In order to properly fund a pension system such as SCERS, an actuarial valuation is conducted annually by an actuarial firm (composed of business mathematicians) retained by the SCERS Board. This study evaluates the experience of the system as it relates to developing liabilities, assets currently available to meet those liabilities, and, future contributions from employees and membership employers. The study is necessary to properly set adequate reserves, in order to assure the system's ability to provide promised benefits.

SCERS' retained actuary for the last five years has been the actuarial firm of William M. Mercer, Inc., whose offices are in San Francisco.

At a special meeting held on Thursday, May 20, 1999, the SCERS Board was presented with an Actuarial Audit Review dated April 22 which set forth the findings and comments resulting from a detailed review of the actuarial services currently performed for SCERS' by William M. Mercer, Inc.

This first time review of SCERS actuary was performed to provide assurance to the SCERS Board that the actuarial functions of SCERS are currently being

completed accurately and in accordance with all applicable statutes, policies and actuarial standards of practice. The actuarial firm of Milliman & Robertson, Inc. was selected to undertake the review project following a search process completed in November 1998.

Milliman & Robertson, Inc., it happens, is the same firm selected by the Retirement Board of Los Angeles County in spring 1998 to conduct an actuarial audit of that county's retirement system. That review revealed a surprise additional liability to Los Angeles County in the amount of \$1.2 billion due to actuarial error (by an actuarial firm other than Mercer).

Milliman & Robertson, Inc. had this to say about SCERS' retained actuary:

"Based on a thorough review of the most recent actuarial work of the Board's actuary [William M. Mercer, Inc.], we are pleased to report that we found the work to be reasonable and performed according to generally accepted actuarial standards and principles. We found no financially significant actuarial issues to report."

In part, as a result of the actuarial audit, the SCERS Board, on August 19, 1999 extended the Mercer Agreement to provide actuarial services through June 30, 2004.



### Mercer measures up to industry standards

".....we found the work to be reasonable and performed according to generally accepted actuarial standards and principles. We found no financially significant actuarial issues to report....."



"The trouble with the future is that it usually arrives before we're ready for it."

- Arnold H. Glasgow



*Without the cold for reference, we wouldn't recognize the comfort of warmth.*

*Rod McKuen*

## Another season, another reason...for direct deposit of your retirement check!

What's so great about direct deposit? Seventy seven percent of SCERS retirees can probably answer that question with little hesitation. With direct deposit, your monthly retirement benefit will be transferred electronically, and you will have much better assurance of an on-time deposit. You won't have to worry about mail theft, loss or other delay (no matter what they say about "rain, sleet or hail, ...." You won't be spending your precious re-

tirement time by standing in line at the bank. And you won't miss any important information, either, since a remittance advice will be sent to you along with any important announcements which the retirement office may send out. So sign up for direct deposit today! Call the retirement office at 874-9119. Our receptionists, Linda Morris or Michele Raymond, will be happy to send you the required forms and tell you how to get it started.



## Some interesting statistics about retired SCERS members.....

RETIRED SCERS MEMBERS AS OF 6/30/1998			
Retirement Type	Number of Retirees	Average Monthly Allowance	
Service	3,504	\$1,432	
Disability	626	\$1,395	
Beneficiaries	754	\$880	
Number of Living Retirees Born in 1800's Dates of Birth: 9/11/1899; 9/15/1898; 10/27/1895	3		

### SCERS ANNOUNCES STAFFING CHANGE

**Chief Benefits Officer, Linda Seher, has announced the appointment of Michele Rovito, Office Specialist, as Pension Payroll Clerk. Kathleen Silk, SCERS' pension payroll clerk since 1995 has been promoted to a Personnel Assistant position in the Department of Human Resources. Congratulations to Kathleen.**

### YOUR INPUT IS VERY IMPORTANT TO US!

**Please drop us a line and share your thoughts about The Latest Wrinkle**

**Sacramento County Employees' Retirement System  
980 9th Street, Suite 750  
Sacramento, CA 95814**

So far today, God, I have done alright.

I have not gossiped;

I have not lost my temper;

I have not been grumpy, selfish or nasty;

I am really glad about that.

BUT, in a few minutes, God, I'm going to get out of bed.

From then on I'm probably going to need a little help.



## **RETIREMENT BOARD ADOPTS NEW ASSET ALLOCATION.....**

At its meeting on May 20, 1999, the SCERS board adopted new asset allocation targets for diversifying its investments. The asset allocation is the percentage of the retirement fund that is invested in each asset class. The old and new asset allocation targets by major asset class are listed below.

<b>SCERS ASSET ALLOCATION TARGETS</b>		
<b>ASSET CLASS</b>	<b>OLD</b>	<b>NEW</b>
DOMESTIC STOCK	47%	40%
INTERNAT'L STOCK	15%	20%
BONDS	23%	30%
REAL ESTATE	15%	10%

The Board adopted the new targets after completing a scheduled periodic review of its asset allocation policy. The review included an asset/liability study that modeled SCERS future expected assets and liabilities on a year by year basis for the next ten years. It involved five hundred (500) simulations of different economic scenarios projecting ranges of outcomes for 1, 5 and 10 year periods. The projections were used to develop an asset allocation that can meet SCERS financial obligations in the future with a high level of confidence. Mercer Investment Consulting,

SCERS investment consultant located in Los Angeles, and William M. Mercer, Inc., SCERS actuarial consultant located in San Francisco, prepared the study.

The Board's goal in setting the asset allocation is to achieve a return more than the actuarial rate of return of 8% on an annualized basis over a market cycle. A market cycle on average is three to five years. The Board strives to achieve this level of investment return with a high level of certainty.

Investment and pension plan professionals generally opine that asset allocation has been determined to contribute from 85% to 95% of long term investment return with manager selection and investment structure generally responsible for the rest. Periodic reviews of the asset allocation policy make sure that SCERS asset allocation continues to be appropriate to meet SCERS investment goals as markets and SCERS change. The changes in the asset allocation will improve the diversification of the investments and reduce the overall level of investment risk in the investment portfolio.

### ***Interested in Money?***

Do you know why dimes, quarters and half dollars have notched edges, while pennies and nickels do not? The US Mint began putting notches on the edges of coins containing gold and silver to discourage holders from shaving off small quantities of the precious metals. Dimes, quarters and half dollars are notched because they contain silver. Pennies and nickels are not notched because the metals they contain are not valuable enough to shave.



SACRAMENTO COUNTY  
EMPLOYEES' RETIREMENT SYSTEM

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P.O. Box 627  
Sacramento, CA 95812-0627

Phone: 916 874-9119

Fax: 916-874-6060

Email: irisb@mail.sna.com

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VISIT THE RETIREMENT WEBSITE :  
[www.co.sacramento.ca.us/retirement](http://www.co.sacramento.ca.us/retirement)

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# SCERS

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## Perspectives (wisdom from the internet) .....



*A few wise cracks never hurt.....*

- ◆ Age is Important only if you're cheese or wine.....
- ◆ Life not only begins at forty – it begins to show.....
- ◆ It's frustrating when you know all the answers but nobody bothers to ask you the questions.....
- ◆ I finally got my head together, and my body fell apart.....
- ◆ You don't stop laughing because you grow old, you grow old because you stop laughing.....

*But the **truth** does .....*

You know you're not a kid anymore when.....

- ◆ You buy a compass for the dash of your car
- ◆ People call at 9 p.m. and ask "Did I wake you?"
- ◆ You still buy records and think a CD is a savings account
- ◆ You take a metal detector to the beach
- ◆ You got cable for the weather channel
- ◆ You get into a heated argument about pension plans