



Section 1

The purpose of Section 1 is to provide an overview of SCERS and SCERS' benefits. This section also explains how a Defined Benefit Pension Plan like SCERS works.

What is SCERS?

The Sacramento County Employees' Retirement System (SCERS) is the governmental entity that administers the retirement and related benefit plans for employees of Sacramento County and special districts that have elected to provide SCERS benefits to their employees. SCERS was established in 1941 by the Sacramento County Board of Supervisors and is governed by specified provisions of the California State Constitution, state law (County Employees Retirement Law of 1937 or "CERL" and the California Public Employees' Pension Reform Act of 2013 or "PEPRA"), and the federal Internal Revenue Code (IRC).

SCERS is a "qualified plan" that the Internal Revenue Service approves as meeting the requirements of Section 401(a) of the Internal Revenue Code. This means that contributions paid to SCERS, interest thereon, and income from SCERS' investment of plan assets is tax deferred until received as a benefit from the plan by eligible members or their Beneficiaries.

SCERS is a cost-sharing multiple-employer public employee retirement system. Since its establishment by the Sacramento County Board of Supervisors in 1941, SCERS has provided retirement, disability, and survivors' benefits to eligible members of the System. SCERS is a separate and independent governmental entity from the public employers that participate in SCERS.

The benefits administered by SCERS are a significant part of the comprehensive benefits package that Participating Employers offer to eligible employees. The benefit plan design and features applicable to members are generally determined through collective bargaining from the available alternatives defined and limited by applicable governing law.

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SCERS Mission

SCERS is dedicated to providing the highest level of retirement services and managing system resources in an effective and prudent manner.

SCERS is committed to carrying out its mission through a competent, professional, and impartial decision-making process. In providing benefits and services, all persons are treated fairly and with courtesy and respect. Investments are managed to balance the need for security with superior performance. We strive for excellence in all activities.

SCERS' Core Values:

In fulfilling our mission as a retirement system, we are committed to:

- The highest levels of professionalism and fiduciary responsibility.
- Acting with integrity.
- Competent, courteous and respectful service to all.
- Open and fair processes.
- Safeguarding confidential information.
- Cost-effective operations.
- Stable funding and minimal contribution volatility.
- Effective communication and helpful education.
- Maintaining a highly competent and committed staff.
- Continuous improvement.
- Planning strategically for the future.

The County and participating special districts are referred to as Participating Employers of SCERS. SCERS administers ongoing retirement benefits for the employees of eleven Participating Employers: (Updated April 2019)

County of Sacramento

Sacramento Employment and Training Agency

Superior Court in Sacramento County

Galt-Arno Cemetery District

Carmichael Park and Recreation District

Mission Oaks Park and Recreation District

Elk Grove-Cosumnes Cemetery District

Orangevale Park and Recreation District

Fair Oaks Cemetery District

Sunrise Park and Recreation District

Rio Linda Elverta Recreation and Park District (*Updated April 2019*)

What We Do

SCERS provides members and Participating Employers with cost-effective benefits and superior customer service. SCERS also selects and relies on a prudently managed investment portfolio in order to fund and sustain these benefits.

The SCERS Board of Retirement

The SCERS Board of Retirement (the "Board") has nine regular members and two alternate members. The Board is responsible for administering the pension plan in accordance with governing law, protecting the assets of the pension plan and the interests of the plan Beneficiaries, and managing risk. The Board is also responsible for establishing the policies that govern the administration of SCERS' retirement plan, for making benefit determinations, and for managing the investment of the system's assets.

The Board oversees the SCERS staff in performing their duties in accordance with applicable law, SCERS regulations, and Board policies, but delegates the day-to-day administrative responsibilities to the Chief Executive Officer.

The following table shows the composition of the Board. All trustees serve three-year terms, except the ex-officio trustee who serves for as long as the office is held.

SCERS Board of Retirement		
Type of Member	Elected/Appointed By	Number of Members
Trustee	Appointed by Board of Supervisors	4
Retired Trustee	Elected by Retired Members	1
Alternate Retired Trustee	Elected by Retired Members	1
Miscellaneous Trustee	Elected by Active Miscellaneous Members	2
Safety Trustee	Elected by Active Safety Members	1
Alternate Safety Trustee	Elected by Active Safety Members	1
Ex-Officio Trustee	County Director of Finance	1

The Board’s responsibilities include:

- Setting investment strategies;
- Establishing a process for selecting investment advisors and managers to invest the SCERS trust’s assets in stocks, bonds, real estate, and other high grade income-producing investments;
- Selecting actuaries to assess the plan’s funded status and measure benefit costs;
- Providing a process for and reviewing Disability Retirement applications; and
- Selecting a Chief Executive Officer who, under the Board’s direction, is charged with carrying out retirement law and Board policy and maintaining a professional staff to conduct day-to-day operations.

The Board holds regularly scheduled meetings that are open to SCERS members and the public. The meeting agendas and minutes are posted on our website, www.scers.org, for your review and convenience. In addition to the website, agendas are posted prior to scheduled meetings at the following locations:

- Main lobby of the Park Tower Building, 980 9th Street, Sacramento, California.
- Lobby of the SCERS Administrative Offices, 980 9th Street, Suite 1900, Sacramento, California.
- Main floor of the County Administration Building at 700 H Street, Sacramento, California.

Q&A



How do I find out about Board meetings? Can I attend them?

Generally, all Board meetings are open to the public. Copies of Board meeting agendas and minutes are available on the SCERS website.

Q&A



Can the County access the retirement system funds and use them for other purposes?

No. Once the contributions and investment earnings come into the retirement system, they are held in trust by SCERS for the exclusive benefit of SCERS Members and their Beneficiaries. SCERS has a fiduciary responsibility to safeguard these assets in order to provide benefits.

How SCERS Benefits Work

SCERS is a Defined Benefit Pension Plan qualified under Section 401(a) of the Internal Revenue Code. Whether you are a Retired Member or Beneficiary already receiving a monthly SCERS benefit, an Active Member nearing retirement, or just starting your career, your SCERS benefits are secure and will be paid as promised. SCERS can say this with confidence for several reasons:

- SCERS is a Defined Benefit Pension Plan, in which your benefits are fixed by law based on your years of service, your Final Compensation, and your age at retirement. Once your SCERS benefits have been earned, they cannot be reduced or eliminated.
- SCERS has a broadly diversified investment program designed to help mitigate the impact of bad investment performance in one or more areas of the financial markets.
- SCERS has successfully weathered difficult financial market experiences in the past and rebounded strongly when the investment markets recovered.
- In the end, SCERS Members have the security of knowing that, by law, your benefits are ultimately guaranteed by your employer.

Plan Funding

SCERS plan benefits are funded through three sources:

- Participating Employer contributions;
- Member Contributions; and
- Investment earnings, which generate most of the funding for the benefits provided by SCERS.

Investment Earnings

The SCERS Board has the exclusive authority and fiduciary responsibility for the management of SCERS' investment program. In carrying out this duty, the SCERS Board establishes the strategic direction, asset allocation, return and risk parameters, and investment policies for the investment program. The SCERS Board receives guidance in making these decisions from its internal staff of investment professionals and from expert investment consultants who also serve as fiduciaries for the pension trust fund.

SCERS maintains an overall investment policy designed to achieve a diversified investment portfolio. An integral part of the investment policy is the strategic asset allocation, which is designed to provide an optimal mix of asset classes with return expectations that correspond to expected liabilities. The strategic asset allocation also emphasizes maximum diversification of the portfolio, both geographically and by investment type, to protect against the possibility that a particular asset class or part of the world may experience poor investment performance in a given time period.

All of the assets of the retirement system are invested by professional investment management firms hired under a process established by the Board. SCERS closely monitors its investment managers to assure that they are complying with their assigned investment mandate and SCERS' investment policies, and that they are meeting SCERS' long-term investment performance objectives.

SCERS believes that a strong, collaborative partnership between internal staff, consultants and investment service providers not only assures the prudent oversight of the fund, but produces significant investment value over time in the form of higher returns, lower risk and lower costs.

Funding for retirement benefits calls for a long-term approach to investing, and accordingly, SCERS' investment program maintains a long-term investment horizon. No investment program can guarantee a specific level of investment performance, especially over short-term periods. However, SCERS' investment program is regularly reviewed to assure that it is well-positioned to meet its long-term investment objectives. It is also important to note that since SCERS is a Defined Benefit Pension Plan, the investment return SCERS achieves in any given year does not affect the benefit you receive.

Participating Employer and Member Contributions

Employer and Member Contributions make up an important source for funding the SCERS plan. Contribution rates are set by statute, collective bargaining and by factors determined by a yearly Actuarial Valuation (or Actuarial Study). *Refer to Section 2 of this handbook for more information on retirement contributions.*

Since SCERS provides lifetime, monthly benefits, most Retired Members receive in benefit payments from SCERS much more than the contributions they paid to SCERS while working. A typical Retired Member recovers his or her Member Contributions within the first five years after retirement.

Q&A



As a SCERS member, am I eligible for Social Security benefits?

Typically, SCERS members are also covered by Social Security. If you are unsure of your eligibility for Social Security benefits, contact the Social Security Administration.

Planning for Income in Retirement

The SCERS plan offers members a secure benefit during their retirement. However, there may be other sources of income available to you in retirement, such as Social Security, your balance in a defined contribution savings plan, an Individual Retirement Account (IRA), or your own personal savings account.

Social Security Benefits

The benefits provided by SCERS have been integrated with Social Security since January 1, 1956. This combination of benefits provides you with a retirement allowance from SCERS and, if you meet the required minimum quarters of coverage, qualifies you for Social Security benefits when you reach the minimum retirement age as defined by the Social Security Administration.

The Federal government has gradually increased the Social Security Normal Retirement Age for people born after 1937. Normal retirement age is the age at which you can collect full retirement benefits from Social Security without any reduction for early retirement.

Eligibility for Social Security benefits is set by federal law. You may contact the nearest Social Security office or refer to the Social Security website, www.ssa.gov, for information about your eligibility, rights and benefits under Social Security.

If Social Security (FICA) is deducted from your paycheck, your SCERS-covered service is considered “integrated” with Social Security. This requires SCERS to adjust the benefit allowance paid to members by a set Social Security Reduction Factor. *Refer to Section 5 of this handbook for more details and an example.*

Deferred Compensation Plan

A defined contribution plan, such as a Section 457 deferred compensation plan, works much differently than a Defined Benefit Pension Plan. Under a defined contribution plan, you choose how much to contribute toward your retirement savings. Contributions are deducted from your pay on a pre-tax basis. You decide how to invest the contributions, and your plan account balance fluctuates with the performance of your investments over time. The amount of money available upon retirement is based on your actual account balance—and it's up to you to make that money last through your retirement.

As a County employee, you have an opportunity to enroll in the County of Sacramento 457(b) Deferred Compensation Plan. Deferred Compensation is a voluntary retirement savings plan that offers a convenient, tax-advantaged way to save for your retirement. For more information on the County's Plan, contact the Department of Personnel Services, Deferred Compensation Office: 700 H Street, Sacramento, CA, 95814; phone number: (916) 874-2020.

If you are not a County employee, your Participating Employer may provide a similar tax-advantaged savings program. Contact your human resources or payroll department for more information.

Q&A



Can SCERS help me with questions I have about the County's deferred compensation plan?

No. SCERS does not administer the County's 457 deferred compensation plan and does not give advice regarding investments under that plan. If you are a County employee, contact the County Deferred Compensation Office at (916) 874-2020. If you work for another Participating Employer, contact your human resources department or the record keeper of your deferred compensation plan.

The SCERS Plan vs. Defined Contribution Plans: What's the Difference?

Plan Feature	SCERS Defined Benefit Pension Plan	vs.	Defined Contribution Plan (e.g., Sacramento County 457 Plan)
Participation:	Mandatory (with exceptions).		Voluntary.
Your benefit at Retirement:	The plan provides a lifetime monthly retirement benefit determined based on benefit factors defined in statute and applied to the plan.		Your benefit at retirement consists of the balance in your account.
Benefit calculation Factors:	Based on your age, years of Service Credit, compensation, your benefit plan and Tier, and the retirement payment option you select.		Based on your account balance at retirement.
Plan funding:	<p>You and your employer are required to contribute to the plan on a pre-tax basis. Annual contribution amounts are set by law and subject to further bargaining between the employer and the recognized employee organizations. SCERS manages and invests the plan's assets.</p> <p>The plan's assets (contributions and investment earnings) are used to pay benefits to current and future Retired Members.</p>		<p>You make voluntary pre-tax contributions to your account. You invest your contributions, and the gains (or losses) accumulate in your account over time.</p>
Impact of the stock and bond markets:	Has no effect on the benefit you receive at retirement.		Affects your investment earnings and thus, the size of your account balance at retirement.
Impact of Cost-of-Living Adjustments (COLA):	You may be eligible for annual COLA to your monthly benefits during retirement.		There are no COLA in a deferred compensation plan.