



LOOKING FORWARD... TO THOSE GOLDEN YEARS

Ensuring Tomorrow's Benefits Through Prudent Management

FALL 2007

Managing the Fund: The Board's Role

Managing the investments of the StanCERA retirement Fund is an ongoing function that requires prudent decision-making on many levels.

The Board of Retirement plays an integral role in the management of the Fund. In addition to setting policies that help govern StanCERA as a whole, the Board also sets the policies that control how much risk StanCERA is willing to bear in its investments.

With the help of its investment consultant and money managers, the Board's job is to select the best mix of asset classes that is necessary to earn the targeted return; the current targeted return is **8.16%**. The Board adopts multiple asset classes, including international stocks, domestic stocks and bonds.

As with other retirement systems, the Board is made up of individuals from a variety of professional backgrounds. In order to continually educate Board members on the intricacies of managing the Fund, StanCERA has a bylaw in place that states each Board member must have 36 hours every 3-year term or (12 hours each year) of continued education. In Fiscal Year 2006-2007, StanCERA Board members averaged 32.47 hours of continued education.

In addition, the Investments consultant fully supports the board with professional expertise and advice, and the two work in concert to ensure that the management of the Fund yields the greatest possible success at an acceptable level of risk.

Returns for Fiscal Year Ending June 30, 2007				
StanCERA RETURNS	Fiscal YTD	3 Year	5 Year	
Total Fund	16.8%	11.8%	11.5%	
Domestic Equity	18.3%	12.1%	12.2%	
International Equity	31.1%	25.3%	17.7%	
Fixed Income	7.0%	4.7%	5.4%	
Indices	Fiscal YTD	3 Year	5 Year	
Russell 3000 Index	20.1%	12.4%	11.5%	
MSCI ACWI - ex US Index	30.1%	24.5%	19.2%	
Lehman Aggregate Index	6.1%	4.0%	4.5%	

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Employees' Retirement Association

*Prudent Man Rule: "Those with responsibility to invest money for others should act with prudence, discretion, intelligence, and regard for the safety of capital as well as income."
Judge Samuel Putnum; 1830*



NOTICE OF ELECTION SAFETY REPRESENTATIVE

Remember to Vote. The current term for Seat Number 7 of the Board of Retirement and alternate seat (your safety representatives) ends on December 31, 2007. Seat 7 is currently filled with a safety representative. The alternate seat is vacant. Watch for the official notice along with the election timeline to be distributed to active safety members in October.



Looking Forward ... To those Golden Years

Member comments and suggestions should be directed to Kathy Herman, Special Projects Manager.

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Board of Retirement

Jim DeMartini
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Wes Hall - Chair
Mike Fisher - Vice Chair
Darin Gharat
Ron Martin
Maria De Anda
Mike Lynch
Gordon B. Ford
Linda Stotts-Burnett
Alternate Retiree Representative

Retirement Administrator

Tom Watson

Clear Direction for a Confident Retirement

In addition to the annual Pre-Retirement Seminar, StanCERA presents a short informational session and is available to answer your retirement questions at each of the workshops presented by MEMBERS Financial Services located at Valley First Credit Union. Please call 558-8466 for reservations,

5:30 - 7:15 pm

Nov. 1, 2007

Dec. 6, 2007

Retiree Payroll Dates

Nov 1, 2007

Dec 3, 2007

Jan 2, 2008

Feb 1, 2008

The StanCERA newsletter is intended as a source of information, not a legal document or a substitute for the law. If differences appear between the law and the newsletter, the law must prevail.

E-mail Safety

It's never a good policy to include your social security number on any email. When you email StanCERA (retirement@stancera.org), there's no need to include your entire social security number. Your name along with your employee number is best, a birth date or if you must, the last four digits of your social security number may also be included. Although we remain dedicated to the security of our online network and submit it to security audits, there's always some risk attached to transmitting confidential information via the internet.

StanCERA welcomes your email for questions regarding retirement benefits and requests for related information.

Remember: To safeguard your privacy, it's best to leave your Social Security Number off all email correspondence.



Purchase Lost Time with Tax Deferred Funds

I've heard I can use money from my 401(k) plan to enhance or purchase retirement service credit. Is this true?

Yes, Non-Retired members may take advantage of the rollover provisions by using money from an eligible tax-deferred plan to purchase or enhance eligible service credit. Plans and IRA's that can be used to purchase StanCERA service credit include a §457 deferred compensation plan; governmental §406(b) plans; qualified §401(a) plans including a defined benefit plan, §401(k) or Keogh; and eligible Individual Retirement Accounts (IRA or Conduit IRA).

Early withdrawal distributions are generally subject to tax penalties; however, a rollover/transfer used to purchase service credit will remain tax-deferred and will not be subject to income tax until it is paid out in the form of monthly benefits or refund. Check with your plan's/IRA's administrator and your professional tax advisor to determine if your rollover/transfer will be subject to tax.

If you have recently returned from a leave due to medical reasons, you may have lost service time. The sooner you purchase this time the less expensive it is. Complete the Buyback Calculation Request at www.stancera.org/forms or call (209) 525-6363 and a form will be mailed to you.

Board of Retirement Meeting Schedule

Meetings are held the second Wednesday and the fourth Tuesday of each month with some exceptions, located at 832 12th Street, Modesto 6th Floor in the StanCERA Office Board Room at 2:00 p.m.

Admin/Benefits	Investments
Oct 10, 2007	Oct 23, 2007
Combined Meetings	
Nov 27, 2007	
Dec 12, 2007	

To view the past 3 months' Board actions, please visit our website at www.stancera.org under **Agendas and Minutes - 2007**.

Funding the Fund...Fundamentally

Before a dollar can be spent on benefits, StanCERA must have the dollar to spend. Over the span of fifty (50) years, **66% of all revenue has come from investment income**. Employers' contributions account for approximately 22%, and members' contributions make up the remaining 12%.

The Board's prudent investment decisions have paid off handsomely by keeping the funded level of the system very high (at 96.6% it is the second highest of the 1937 Act systems), keeping employers' contributions low (StanCERA employers enjoy the lowest contribution rates of the 1937 Act systems) and being able to fund some non-vested retiree ad hoc benefits such as a \$5,000 death benefit,

supplemental cost of living benefits and health allowances. For the fiscal year ending June 30, 2007, the investment rate of return was about double the actuarially assumed rate of 8.16%. Look at the article on page one for more details.

Retirement Board members have spent many hours reviewing many new alternative investment strategies and products. Some strategies have been adopted, some have not. Since May 2007 the Retirement Board has focused its attention on the potential of investment in Global Real Estate Investment Trust securities (or "REITs"). Investments in these securities provide more exposure to the potential income from real estate while maintaining the same ability to enter or exit the investment as stocks. The proposed addition of the Real Estate Global REIT assignment will provide further diversification which will keep risk at the same level or possibly reduce it by a small amount.

You can be assured that the StanCERA Retirement Board lives up to its vision of "ensuring tomorrow's benefits through prudent management."



Health Allowance Goes Down
The Retiree Health Allowance monthly amount is being lowered and by 2010 new retirees will need 10 years of StanCERA service to qualify. (See Enclosed for Details)

StanCERA Financials now on our Website

The 2006 Comprehensive Annual Financial Report (CAFR) is now available to view or print from StanCERA's website. The CAFR, and other financial reports are just a few of the valuable resources available to our StanCERA members at www.stancera.org.





**Benefit Management Technologies, Inc.
(BMTI) Presents
Retiree Health Insurance
2008 Open Enrollment Kick-Off**

The 2008 Retiree Health Insurance open enrollment for StanCERA retirees kicks off on Tuesday, October 23, 2007 and continues until November 21, 2007. By this date, any member who wishes to change benefit elections for 2008 must return the required form to BMTI's office in the envelope provided.

Eligible retirees received BMTI's 2008 Guide for Retiree Health Insurance, an Insurance Selection form and a schedule of provider presentations offered October 23rd and 24th at Stanislaus County Ag Center's Harvest Hall. BMTI's Patrick McTighe and representatives from various insurance carriers will make presentations and be available for questions about group plans. You need only attend one session if you are contemplating making any changes to your insurance.

As in previous years, the upcoming open enrollment period will be the only time during which you can discontinue or make changes to your insurance coverage without any restrictions.

**** NEW THIS YEAR ****

**Enrollment forms will be mailed directly to BMTI.
Questions or Concerns, please call BMTI at
(877) 684-2684 or email them at
StanCERA@bmti.com.**

Special Notice

The US Mail is still the best method to contact StanCERA's retired members. Often special announcements are added to the StanCERA check stub or check advice mailed to retirees on the first business day of each month. Please remember to "check your check" each month for important announcements and updates.

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