



# LOOKING FORWARD... TO THOSE GOLDEN YEARS

*Ensuring Tomorrow's Benefits Through Prudent Management*

FALL 2010

## Impact of Actuarial Experience Study on StanCERA Agencies



Every three years, StanCERA's consulting actuaries prepare an "experience study." An experience study measures actual plan demographic experience over a defined period of time. The results of the study are then compared to the experience that was expected during the same time period based on actuarial assumptions. In this way a determination can be made as to the appropriateness of our current assumptions. The actuarial assumptions used in future actuarial valuations may then be refined and improved on the basis of such determination. The recently completed experience study was based on data from the three years ending June 30, 2009. It focused on patterns of termination, death, disability, retirement, and salary increases.

The triennial experience study was presented to the Retirement Board by EFI Actuaries at the Retirement Board's July 27, 2010 meeting. The Retirement Board members had many questions regarding the study's recommendations for changes to actuarial assumptions. The actuaries responded to the Retirement Board members' questions in a letter written August 30, 2010 and they returned with some adjustments to the assumptions at the Retirement Board's September 8, 2010 meeting.

The Retirement Board approved on a 7 – 2 vote the changes to the actuarial assumptions including:

**In This Issue...**

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- Domestic Relation Orders
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- Market Update
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Published quarterly for members  
of the Stanislaus County  
Employees' Retirement Association

- Lower rate of retirements for Safety members,
- Lower withdrawal rates
- Increased rates of deferral in the first five years
- Service-based (instead of age based) pay increase assumptions
- Decreased longevity for disability retirees
- Increased longevity for regular service retirees
- Terminal pay load for vacation cash outs
- Reduction in the inflation assumption to 3.5% (from 4.0%)
- Decrease in the total earnings assumption to 8.0% (from 8.16%)



At this point in time, the total effect on contributions is estimated at 1.6% of payroll, with the vast majority (65% to 75%) being paid by the employers.

For other actions by the Retirement Board (and if you want every juicy detail – there is audio!) go to: [www.stancera.org](http://www.stancera.org) and click on Board Agendas and Minutes.





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### Board of Retirement

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

**Retirement Administrator**  
Tom Watson

### **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 Wesley W. Hall Board Room at 2:00 p.m.

Admin/Benefits	Investments
Oct 13, 2010	Oct 26, 2010
Nov 23, 2010	
Dec 8, 2010	

To view Board actions, please visit our website at [www.stancera.org](http://www.stancera.org) under **Agendas and Minutes - 2009**.

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.

## **Not – Retired, I have a quiz for you.**

How do you know what Tier you are in?

- A. It's listed on your payroll check or advice notice
- B. You can call your payroll clerk
- C. You can call StanCERA
- D. It's listed on your StanCERA Member Statement

If you answered B, C or D you are correct. Over time StanCERA has had five different Tiers. Also, over time benefits have been down graded and/or enhanced depending on the strength of the economy and the County Board of Supervisors. Tiers have been closed to new hires and new tiers have been adopted.

- 1948 to 1980 we only had one tier
- 1980 Tier 1 was closed and a lower Tier 2 was adopted
- 1986 Much lower Tier 3 was adopted and new hires had to choose.
- 2002 Tiers 2 & 3 were closed to new hires and most members moved into the enhanced Tiers 4 & 5.

With the exception of Keyes Community Service District, most current employees are Tier 5. Starting January 1, 2011, newly hired Stanislaus County unrepresented employees will be in Tier 2. Learn the difference, understand your benefit.

Visit the StanCERA website at [www.stancera.org](http://www.stancera.org).



## **ELECTION TIME**

If you are an active Safety member, (e.g. Deputy Sheriff, Fire, Probation, DA Investigator) you have an opportunity to be the voice of your fellow Safety members. Help make important decisions, such as how the pension fund is invested and setting StanCERA's strategic direction. Consider running in the upcoming election for a seat on the Board of Retirement.

Please see the election schedule below for important deadlines. The elected candidate will serve a three-year term beginning on January 1, 2011.

<u>DATE</u>	<u>ACTIVITY</u>
October 19, 2010	Notice of Election Distributed to Safety Members
November 8, 2010	Deadline to Submit Nomination Papers <b>(10 member's supporting signatures)</b>
November 16, 2010	Distribution of Election Ballots
December 14, 2010	Final Date to Receive Ballots
December 15, 2010	Canvass the Ballots (Count)



## **What to Submit to StanCERA in the event of divorce???**

Retirement benefits earned during marriage are community property assets and must be considered in the property settlement agreement. These benefits are also subject to disposition by the court. When a StanCERA member is involved in dissolution of marriage, StanCERA must be joined in the action. It is imperative that the member and/or other parties notify StanCERA of the pending action to avoid any unnecessary delay in the processing of retirement benefits.

Retirement benefits  
earned during marriage  
are community  
property assets and...

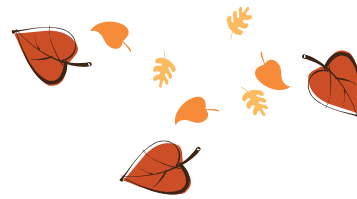


### ***If I am already divorced what does StanCERA need from me?***

A copy of the Dissolution of Marriage and Marital Settlement Agreement (**MSA**) in its entirety is required. If the MSA states that the non-member is entitled to a portion of the member's retirement benefits then a Domestic Relations Order (**DRO**) is required.

StanCERA must receive the DRO prior to a member's retirement date in order to divide the non-member and the member's benefit accurately and process the retirement. A DRO is a separate legal order, a stipulation signed by all parties and executed by a judge identifying how retirement benefits are to be divided.

To avoid delays, a draft DRO should be submitted to StanCERA for pre-approval before obtaining the signatures of the member and nonmember.



### ***What happens if I fail to provide a Domestic Relations Order (DRO) to StanCERA?***

The DRO provides StanCERA with a resolution for the division of retirement benefits under the 1937 Act and community property law. Without the DRO, a member's retirement benefit cannot be divided and the member's receipt of his or her portion of the retirement benefit will be delayed.

### ***If I provide a marital settlement agreement, isn't that enough?***

No. Even though a settlement agreement may include information on how a retirement benefit is to be divided between parties, StanCERA must receive a DRO to comply with the 1937 Act.

### ***When should I notify StanCERA of my divorce?***

You should notify StanCERA of your divorce as soon as possible, even if you are not planning to retire for many years. You must supply StanCERA with a copy of the Dissolution of Marriage and MSA with your designation of beneficiary change form. Then, StanCERA must be legally "joined" as a party to the proceedings. A Joinder is a legal process that names StanCERA as a third-party claimant in the dissolution proceeding (sections 2060 – 2065 of the California Family Code) and places a hold the member's retirement account until the separation of property is complete. Please call Jamie Borba at 525-6393 for additional information.

### ***Is separate action required for a deferred compensation plan?***

Yes. Contact your employer's Deferred Compensation office. For the County, it is Risk Management at 209-525-5710. This program is not administered by StanCERA.



## Retiree's Special Notice

The US Mail is still the most reliable way for us to contact our 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.

## Retiree Payroll Dates

Nov 1, 2010

Dec 1, 2010

Jan 3, 2011

Payroll is the 1<sup>st</sup> business day of the month.

## Retired Members - Moving Out of State?

If you are moving out of state and are no longer a resident of California, be sure to update your tax withholdings through StanCERA.

StanCERA cannot withhold taxes for other states, but you may request that we stop withholding California income taxes from your benefit.



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### StanCERA Fiscal Year 2010 Investment Performance

Paul S. Harte

Strategic Investment Solutions

Investment Consultant to StanCERA

Fiscal year 2010 (June 30, 2010) saw a dramatic rebound in equity returns from their lows set on March 9, 2009 with gains in US stock markets in excess of 30% and gains in Non-US stock markets in excess of 20%. The equity markets unfortunately gave back some of the gains over concerns of the Greek sovereign debt crisis and concerns over a slowing economy in the US.

The US Fixed Income markets continued to generate positive returns in fiscal year 2010 as US Treasuries rallied, as short-term interest rates were kept at historical low levels and due to a flight to quality in the final quarter. In addition, spread fixed income instruments such as corporate bonds rallied strongly in fiscal year 2010.

As a diversified investor, StanCERA experienced a +15.9% return for the fiscal year. The +15.9% result was above StanCERA's policy benchmark of +13.8% for the fiscal year by 210 basis points.

Period Ended	June 30, 2010		
	One Year	Three Year	Five Year
Domestic Equity	+15.6%	-11.1%	-1.7%
Russell 3000	+15.9%	-9.1%	-0.2%
Non-US Equity	+14.4%	-10.5%	+4.0%
MSCI ACWI ex-US Fre	+10.9%	+10.3%	+3.8%
Fixed Income	+13.8%	+8.6%	+6.7%
US Barclays Aggregat	+9.5%	+7.5%	+5.5%
Total Fund	+15.9%	-3.8%	+2.8%
Policy Benchmark***	+13.8%	-3.9%	+2.5%