



LOOKING FORWARD... TO THOSE GOLDEN YEARS

Insuring Tomorrow's Benefits Through Prudent Management

SPRING 2007

*In Memory of
Lois May Ertel
StanCERA Retirement Specialist*

This year StanCERA lost one of its finest...

If anyone had an opportunity to meet or be counseled by Lois, you would have experienced the compassion and professionalism that Lois provided to our members.

Our thoughts and prayers go out to her family and friends...

She will be greatly missed by our staff and members.



Its Election Time Again

StanCERA is a Retirement System governed by the laws of the 1937 Act. These laws determine the composition of the Retirement Board. The Board of Retirement consists of 9 members who prudently decide how to invest our pension trust fund. The second and third members are elected from General members. The current term for seat number two ends on June 30, 2007. General members should watch for formal notice and more details about the election to be distributed in April.

04/25/07 - Notice of Election Distributed to General Members

05/15/07 - Deadline to Submit Nomination Papers

05/23/07 - Distribution of Election Ballots

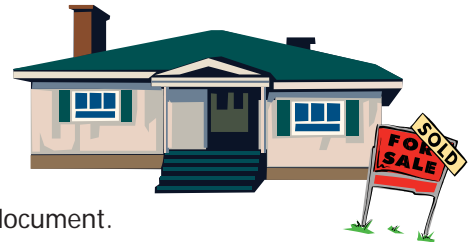
06/20/07 - Final Date to Receive Ballots

06/21/07 - Canvassing the Ballots (Counting)

*Remember
to Vote*

Buying a Home - Refinancing

Frequently we get calls from members, both active and retired who are refinancing or acquiring a new home loan. Financial institutions and banks require confirmation of funds from income sources or assets. StanCERA is happy to provide a member statement or an award letter per the member's request. If a lender requires additional information, StanCERA requires a signed authorization from the member along with the appropriate verification document.



In This Issue...

- Election Time
- Lender Verification
- Community Property
- Where is that Retiree now?
- Working after Retirement
- Be a Volunteer
- Retiree Payroll Dates
- Board of Retirement Highlights
- Public Pension Plans
- Health Care Costs
- Pre-Retirement Seminar
- 2007 Cost of Living

*Published quarterly for
members of the Stanislaus
County Employees'
Retirement Association*

April Showers Bring...

While all of us would love to enjoy sunny, healthy, fulfilling days, there are times in our lives when we may experience disappointment, divorce or death.

If you have experienced a dissolution of marriage (**divorce**), StanCERA will need a copy of all final settlement and court award (judgement) papers for our files. If your original documents keep the division of your retirement benefits "open" until you begin receiving benefits, you will need to have this resolved before you or your ex-spouse can receive any benefits. California is a "Community Property" State and your retirement benefits are considered an asset, that is potentially divisible in a divorce. We need to know exactly what the final disposition is before we can calculate and properly pay out benefits.

Don't wait. Don't take a chance that your StanCERA Retirement Benefits will be delayed!

For all non-retired members, we also remind you that StanCERA needs to have the most up to date beneficiary on file in the event that you die before you receive any monthly retirement allowances. If you have updated your beneficiary with the County or with Hartford or with any agency other than StanCERA directly, your beneficiary has NOT been updated for your retirement benefits payable by StanCERA. Make sure that you have updated your beneficiary directly with StanCERA so that if you should die before you receive monthly retirement benefits, the benefits payable will be paid to the proper person(s).



Looking Forward ... To those Golden Years

Member comments and suggestions should be directed to Kathy Herman, Special Projects Manager.
E-mail: retirement@stancera.org
or contact:

StanCERA
832 12th Street, Suite 600
Modesto, CA 95354
PO Box 3150, Modesto, CA 95353
209/525-6393 fax: 209/525-4334
website: www.stancera.org

Board of Retirement

Jim DeMartini
Steve Yauch
Wes Hall - Chair
Mike Fisher - Vice Chair
Darin Gharat
Ron Martin
Maria DeAnda
Mike Lynch
Gordon Ford
County Treasurer-Tax Collector

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 information session and is available to answer your retirement questions at each of the workshops sponsored by Member Services and WorkPlace Wellness. Please call 558-8466 for reservations,

3:00 - 4:45 pm **5:30 - 7:15 pm**
May 3, 2007 Jun 7, 2007

July and August Workshops are not available

Retiree Payroll Dates

May 1, 2007
Jun 1, 2007
Jul 2, 2007
Aug 1, 2007
Sep 3, 2007
Oct 1, 2007
Nov 1, 2007
Dec 3, 2007

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.

Retirees Share the Fun

Have you ever wondered what happened to this co-worker or that retiree? Many of our retirees are traveling, many have interesting hobbies, and some have new careers. One thing is certain; our survey results prove that your fellow retirees and previous co-workers are interested in hearing about it. StanCERA would like to start sharing some of your photos and brief stories in the newsletter. Please submit your electronic photo and brief explanation to Kathy Herman at hermank@stancera.org Your submission will be considered an authorization to publish.



Retirees, Russ Richards and Richard Jantz doing some leisurely travel to Auckland, New Zealand along with Deferred Member Judy Jantz. Photo taken by Joan Richards.

Working after Retirement

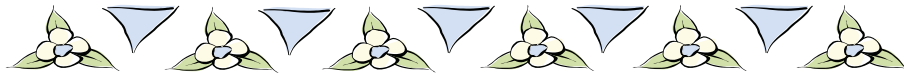
Many people choose to go back to work or take a part-time job after retirement. If you do, it's important to understand your options with respect to your retirement benefits. If you decide to work for a non-StanCERA employer after retirement, your monthly benefit will not be affected. You may also return to work for a StanCERA employer, as a temporary employee in a position that requires special skills or knowledge, as long as you work no more than 960 hours in a calendar year. You do not accrue service credit or otherwise acquire retirement rights for employment as a retiree and it is the responsibility of both you and the employer to ensure your employment remains in compliance. More details regarding employment after retirement can be found at www.stancera.org.

Not Just for Retirees...

Nationally, nearly 46 percent of persons between the ages of 55 and 74 reported performing some type of volunteer work in the past year. Organizations are eager to enlist the help of retired and non-retired professionals who can apply leadership experience, technical expertise and other valuable skills. For the volunteer, lending a hand can feel good, make a difference and be a way to help keep the mind and body active and healthy. You may already have an organization that you work with. The Volunteer Center of United Way of Stanislaus County can also help by matching the skills, interests and talents of individuals or groups with the needs of community organizations. Take a chance, **VOLUNTEER.**

A Plethora of Public Pension Plan Pluses...

- **Public pension plans are in favorable financial condition.** As a group, public pension plans have assets amounting to nearly 90% of the liabilities owed. These assets are professionally managed and invested on a long-term basis using sound investment policies. The \$2.89 trillion in real assets invested by the plans are an important source of liquidity and stability for the U.S. financial markets.
- **The majority of public pension funding is not paid by taxpayers.** Over the past 23 years, only 24% of the monies used to fund public pension benefits was provided by taxpayers. Other funding sources included investment earnings (64%) and employee contributions (12%).
- **Public pension plans attract and retain the workforce that provides essential public services.** Ten percent of the U.S. workforce is comprised of public employees, of whom 67% are employed in education, public safety, corrections, and the judiciary.
- **Public pension plans are an integral component of national, state, and local economies.** Public plans distribute more than \$140 billion in benefit payments annually to about 7 million retirees, beneficiaries and other recipients. These benefit payments help support the local, state and national economies.
- **State and local pension plans are subject to comprehensive oversight.** State and local plans are subject to state constitutional and statutory provisions, as well as case law. Moreover, they are subject to comprehensive accounting standards established for state and local governments.
- **State and local pension funds earn competitive investment returns.** Public pension funds generated investment returns of 8.5% to 9.5% for the 10- and 20-year periods ending 6/30/06.
- **Stanislaus County Employees' Retirement Association ranked 2nd highest.** The Board of Retirement received the survey of the twenty 1937 Act retirement systems' funded status. StanCERA ranked 2nd highest with a 96.6% funded ratio. It's important to recognize that some counties have issued Pension Obligations Bonds to fully fund the retirement system and some have not. This figure alone does not provide a complete comparison between systems.



Study of Health Care Costs in Retirement Shows...

A recent study by Fidelity Investment determined that a 65-year-old couple retiring this year will need approximately \$215,000 just to cover medical costs in retirement. A 65-year-old worker earning \$60,000 per year should expect 50% of his or her pre-tax Social Security funds to go toward medical bills. These estimates are based on the assumption that the individuals do not have employer-sponsored retiree health care coverage (as is the case for all StanCERA members). And of course, the younger that one retires, the more assets one will need in retirement for these costs.

While the best way to save on health care costs is to stay healthy with proper diet, exercise and sleep, StanCERA active members (employees) need to seriously consider how they will save up and prepare for retirement years without employer paid health insurance. One advantageous way (tax-wise) is to have a Retiree Medical Trust. While StanCERA nor any employer within StanCERA administers a Retiree Medical Trust, employees can create such a savings vehicle within their employee bargaining units.

StanCERA - Pre Retirement Seminar

Planning to Retire? If you are within 5 years of retirement and have not attended a previous seminar or registered for this year's Pre-Retirement Seminar, please call 525-6393.

The annual Pre-Retirement Seminar is being held on:

Wednesday, May 2, 2007
Agricultural Center - Harvest Hall
3800 Cornucopia Way
7:30 a.m. to 12:30 p.m.

2007 Retiree Cost of Living

To be paid May 1, 2007

On February 14, 2007 the Board of Retirement approved the automatic Cost-of-Living Adjustment (COLA) to eligible retirees that will become effective April 1, 2007 and paid on the May 1, 2007 retiree payroll.

Each year the retirees' cost of living adjustment is determined by comparing the All Urban Consumers' December Consumer Price Index (CPI) for the San Francisco-Oakland-San Jose Area (1982-84 base period) for the two prior calendar years. The resulting percentage change in the CPI is then rounded to the nearest one-half percent. The actuary for StanCERA determined that the annual change was 3.5%. According to Government Code Section 31870.1, the cost of living increase cannot exceed 3.0% per year. Based on this information, retired members will receive a 3.0% cost of living increase this year. The future carry-over will be increased by 0.5% for all members retired on or before April 1, 2007. Tier 3 retirees do not receive any cost of living adjustments.

Initial Retirement Date	April 1, 2007 COLA	Reduction in Accumulated Carry-Over	Increase in Accumulated Carry-Over
On or Before 4/1/2007	3.0%	0.0%	.05%

Visit our website - www.StanCERA.org

Stanislaus County Employees'
Retirement Association
P O Box 3150
Modesto CA 95353-3150



Retirement Board Members

Gordon Ford

Stanislaus County Treasurer
Seat No. 1 - Term: Ex-officio

Maria DeAnda

Employee elected by General Members
Seat No. 2 - Term: 3 years

Steve Yauch

Employee elected by General Members
Seat No. 3 - Term: 3 years

Ron Martin

Appointed by the Board of Supervisors
Seat No. 4 - Term: 3 years

Mike Lynch

Appointed by the Board of Supervisors
Seat No. 5 - Term: 3 years

Jim DeMartini

Appointed by the Board of Supervisors
Seat No. 6 - Term: 3 years

Darin Gharat

Employee elected by Safety Members
Seat No. 7 - Term: 3 years

Wes Hall (2007 Chair)

Retiree elected by retirees
Seat No. 8 - Term: 3 years

Linda Stotts-Burnett

Retiree elected by retirees
Alternate to Seat 8

Mike Fisher (2007 Vice - Chair)

Appointed by the Board of Supervisors
Seat No. 9 - Term: 3 years

Retirement Board Meetings Highlights

For the Retirement Board Meetings in January, February and March 2007 the following actions occurred:

- Wes Hall is the Retirement Board Chair and Mike Fisher is the Vice Chair for 2007
- 298 retirees received over \$543,000 in a special cost of living payment on 1/2/2007
- Monthly retirement benefits were approved for 57 members
- A report on "1937 Act" retirement systems' counsel costs was reviewed
- A report from County Counsel of the National Association of Public Pension Attorneys (NAPPA) conference was reviewed
- The annual (June 30, 2006) actuarial valuation was reviewed showing a 96.6% funded status

Retirement Board Meetings

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

Combined Meeting -
June 13, 2007
July 11, 2007

Investments

May 22, 2007
June 26, 2007
July 24, 2007

Retirement Board Meetings Highlights Continued

- The triennial actuarial experience study for the period of July 1, 2003 to June 30, 2006 was reviewed showing a decrease in disability retirements granted
- The asset allocation was changed to reflect a 5% allocation to a Special Situations fund that could include investments in emerging market debt, global equity, Treasury Inflation Protection Securities (TIPS), Real Estate Investment Trusts (REITs)
- The retiree cost of living increase of 3% is to be paid on the May 1, 2007 retiree checks
- The Board's Fiduciary Liability insurance coverage and cost were reviewed
- A half day retreat session was set for September 19, 2007
- A report of the Institute for International Research's Public Fund Boards Forum held in December 2006 was reviewed
- The notice with dates set for the election for seat # 2 (incumbent Maria De Anda) was approved for the term expiring June 30, 2007
- The annual report on the educational hours of Board members shows that most members have received well over the 36 hours of continuing education required in the three year term
- Semi-annual investment performance reports were presented by representatives of Dodge and Cox (Fixed Income and Large Cap Equity securities), Delaware (concentrated Large Cap Growth Equity Securities) and Loomis Sayles (Large Cap Growth Equity Securities) showing positive results
- Monthly investment performance reports from Strategic Investment Solutions show that the entire portfolio has returned more than 10% for the fiscal year to date through the end of February (including the large market decline of February 27, 2007) beating the actuarial assumed rate through that date by more than 5%
- The draft Request for Proposals for Retiree Health Insurance Consultant was reviewed and changes were made for the next draft and review
- A report of the funded status of "1937 Act" retirement systems shows that StanCERA is the second highest funded of the 20 "1937 Act" retirement systems
- County Counsel presented an introduction to the disability retirement determination process to the Board