



# LOOKING FORWARD... TO THOSE GOLDEN YEARS

*Ensuring Tomorrow's Benefits through Prudent Management*

Fall 2011

## Retirement, Where Do I Start?

Do you find yourself thinking about retirement more often these days? If so, it is probably time to start working on your retirement plan. Are you confused about where to start? Let us help. StanCERA has tools and services available to help you along the way.

Our website [www.stancera.org](http://www.stancera.org) is a great place to start. There you will find a link to our "Do it yourself" calculator. By entering some basic information, you will be able to calculate your own monthly retirement allowance. You can change the information entered to calculate benefit amounts for different retirement dates. You can keep making changes until you find a time frame and amount that appeal to you. Now you have a goal to work toward.



If your target date is within five years, you may request more detailed estimates. Under the forms directory on the website, you will find an estimate request form. Complete and send the estimate request form to the StanCERA office. Our staff will prepare and mail the estimates out to you. Once you receive those estimates, you may schedule an appointment to meet with StanCERA staff to discuss the different options and go over your questions, if needed.

We look forward to working with you during the planning and processing of your retirement benefits!



## Highest Final Average Salary What does that mean?

For most of us, our highest salary is generally earned in our final year of employment, right? Well it makes sense with normal career progression; generally speaking, most of us do earn our highest salary during our last year of employment.

Well, we've met with a lot of members who all ask the same question about retirement: "How will my retirement be affected with mandatory reductions in pay?" Allow us to share some information about how your highest final average salary is determined and hopefully provide you with some relief about your retirement benefits, during these financially difficult times.

It is a misconception that we hear all too often, that StanCERA will use your last year of salary to calculate your monthly allowance. This is not necessarily true. Anyone working for Stanislaus County who has had to take a 5% mandatory reduction for the fiscal years 2010/2011 and 2011/2012 (and

Managers and Department Heads who began to be subjected to this reduction for fiscal year 2009/2010) will find that your final year(s) compensation may not be your highest year(s) of compensation.

The County Employees' Retirement Law of 1937 states that the member's highest consecutive 1 year compensation (for Tiers 1, 4 & 5) or 3 years (for Tiers 2 and 3) will be used in determining a member's monthly benefit allowance.

***For all members, this means anytime during your employment covered by a StanCERA or reciprocal employer whether your highest pay was your final year(s) or employment of five to ten years prior to your final years, it still counts. So there you go, highest final average salary is just that, highest.***

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of the Stanislaus County  
Employees' Retirement Association



Looking Forward ...  
To those Golden  
Years

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**Board of Retirement**

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Alternate Retiree Representative  
Jeff Grover

**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.

<b>Admin/Benefits</b>	<b>Investments</b>
Oct 12, 2011	Oct 25, 2011
	Nov 22, 2011
	Dec 14, 2011

**Office Closures**  
Nov 11, 2011  
Nov 24 & 25, 2011  
Dec 26, 2011

**Retiree Payroll Dates**  
Nov 1, 2011  
Dec 1, 2011  
Jan 2, 2012

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

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.

Going Out in *style*

Hank Skau, Operations Manager for StanCERA knows how to go out in style. Hank retired in September with almost 20 years of public service. Just before he left he was awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA) for StanCERA's 2010 Comprehensive Annual Financial Report (CAFR).



The Certificate of Achievement is the highest form of recognition in the area of public employee retirement system's accounting and financial reporting. Its attainment represents a significant accomplishment.

The GFOA serves approximately 14,000 government finance professionals throughout North America. The CAFR can be viewed on line at [www.stancera.org](http://www.stancera.org).

*Way to go, Hank!  
Enjoy your well deserved retirement!*



**Fund the Fund**

StanCERA's assets are growing and the system's investments are doing well. As of June 30, 2011, StanCERA's investment portfolio was once more above \$1.4 billion. The portfolio recorded a return of more than 35 % from March 2009 ( the date that marked the bottom of the financial markets valuation) to June 30, 2011. The portfolio earned a 22.9% return on investments for the one-year period ended June 30, 2011.

<b>Returns for Fiscal Year Ending June 30, 2011</b>			
<b>StanCERA RETURNS</b>	<b>Fiscal YTD</b>	<b>3 Year</b>	<b>5 Year</b>
Total Fund	22.9%	6.0%	5.0%
Domestic Equity	33.7%	3.9%	2.2%
International Equity	31.3%	1.0%	4.3%
Fixed Income	6.0%	9.1%	7.8%
<b>Indices</b>	<b>Fiscal YTD</b>	<b>3 Year</b>	<b>5 Year</b>
Russell 3000 Index	32.4%	4.0%	3.4%
MSCI ACWI - ex US Index	30.3%	0.1%	4.1%
Barclays Aggregate Index	3.9%	6.5%	6.5%
Custom Policy Index	21.3%	4.6%	4.9%

Yes, the stock market dipped again after June 30th, 2011, however StanCERA's portfolio is diversified and invested for the long term. Your Retirement Board continues to manage the fund prudently and member retirement benefits have been paid every month on time for over 63 years.

## Death Benefit While Still Employed

If you die before you have five years of retirement service credit, your spouse, dependent child or any other named beneficiary(s), would be eligible for the following death benefits:

- A lump-sum payment of any refundable contributions you have made, plus interest. This amount can be found on your semi-annual member statement, which is mailed in January and July.

### **PLUS**

- One month's compensation for every full year of retirement service credit, up to six month's worth of compensation.

If you have at least five years of retirement service credit your surviving spouse/domestic partner or minor children will have three options.

1. A lump sum benefit comprised of your contributions plus interest and

one month's compensation for each completed year of retirement service in a contributory plan, up to a maximum six months' compensation.

### **OR**

2. A monthly retirement allowance equal to 60% of the monthly retirement allowance, which you would have received if you had been granted a non-service connected disability retirement allowance.

### **OR**

3. A combination of a lump sum benefit equal to one month compensation for each year of retirement service completed, up to a maximum of six months' compensation, and a reduced monthly retirement allowance equal to your non-service connected disability retirement allowance continuance less the lump sum benefit paid.

*\*\*If you have completed five or more*

*years of service in a contributory plan and do not have a surviving spouse or minor children, your nominated beneficiary will receive your contributions plus one month compensation for each full year of retirement service credit, up to a maximum of six months' compensation.*

***Do you know who is named as the beneficiary for your retirement benefits? You don't want the wrong person receiving your monies, do you? If you have updated your beneficiary with your employer, deferred compensation carrier or with any agency other than StanCERA directly, your beneficiary has NOT been updated. You can get this form on our website at [www.stancera.org/forms](http://www.stancera.org/forms), your payroll clerk or by calling **StanCERA** directly at (209) 525-6393.***



## A.O.E

### Retired Members - Health Insurance – No Changes – Just a Reminder

No employer within StanCERA (including Stanislaus County) has made any promises to pay retiree health insurance benefits from employer funds. Stanislaus County does allow retirees to be grouped with employees for monthly insurance premium rate determination for non-Medicare plans.

Stemler, McTighe & Lewis (SML Insurance) partners with the Retired Employees of Stanislaus County (RESCO) to manage these plans. StanCERA is not involved with the managing, promoting or recommending of any health insurance options. Please be patient as StanCERA staff must refer all health, dental and/or vision inquiries to SML Insurance at 209-846-2934.

Retired members and soon to be retired members, should thoroughly research health insurance plans before making any decisions.

Have you ever pondered why age of entry (A.O.E.) is displayed on your Member Statement? Has the thought ever crossed your mind, "I think my age is off by a year or even a few years?" There are a few things to consider in questioning your age of entry.

StanCERA is governed by the County Employees Retirement Law of 1937 (1937 Act). According to Government Code Section 31620 of the 1937 Act, *"The normal rate of contribution of members shall be based on age at the nearest birthday at the time of entrance into the retirement system"*. In other words, when you enter into the retirement system, your age is based on the nearest age within six months of your last birthday.

For example, if you were born on February 22, 1962 and started to work for a StanCERA employer on September 9, 1989, your age of entry would be 28 because your nearest birthday anniversary would be February 22, 1990.

Now let's throw a wrench in that basic theory. If you established reciprocity from a previous public system, upon entering into StanCERA, your age of entrance from the previous system is the age of entry that will be used (just *one* of the benefits of reciprocity).

Are you ready for one more wrench? Members hired prior to October 1, 1988, are met with yet a different calculation when it comes to age of entry. Entrance into the retirement system is effective the 1<sup>st</sup> day of the following month after your full-time hire date.

Next time you look at your Member Statement, think about the above points and make sure it matches your situation. If your age of entry still doesn't look correct, call a StanCERA representative at (209) 525-6393.



## “AUF WIEDERSEHEN!”

I can't just say "Goodbye!" to StanCERA members since this November I will become a retired member myself, so I'll say "Auf Wiedersehen!" until we meet again! Whether I am paying property taxes at the Treasurer-Tax Collector's Office, turning in my volunteer time sheet at Area Agency on Aging, attending a RESCO or SIR (Sons in Retirement) luncheon or we just happen to see each other at a restaurant or on the Thanksgiving Day Turkey Trot walk/jog (OK mostly walk for me!) you can still ask me about retirement. And while I currently say "Retirement is a lot of work!" I am confident that after November 18, 2011, I will be able to say that I enjoy retirement immensely!

– Tom Watson, Retirement – soon to be retired! – Administrator

## StanCERA Technology Today

### Are You Listening?

April 2009 we started recording all StanCERA Retirement Board meetings and posting the audio on our website next to the agendas and minutes. We initially did this as a trial using free software and a \$99 microphone. What we heard in response was; our members want this. This year, we are averaging over 400 visits per month to the 2011 Agendas, Minutes and Audio page of the StanCERA website.

In June 2011, we upgraded our recording system to improve the sound quality. The first recording on the new system was the June 28, 2011 Investment meeting.

We know not everyone can make it to the board meetings, nor would there be room if all of us wanted to attend. But, if you are concerned about your retirement system and would like to stay informed, check out the recordings.

The audio is available before noon the day after the meeting. The Administrative meeting is always the second Wednesday and the Investment meeting is the fourth Tuesday of every month.\*

*\*Exceptions: May and November, 4th Tuesdays only; December, 2nd Wednesday only.*



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