

At Your Service

Orange County Employees Retirement System

Volume 6 Number 1 MAGAZINE FOR ALL MEMBERS January 2007

**OCERS is here to
help you prepare
for retirement**



At Your Service



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At Your Service is published for members and retirees of the Orange County Employees Retirement System.

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At Your Service is written and designed by
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Board of Retirement Meetings:
All regular business meetings are held in OCERS Board Room at 8:30 a.m.

January 16, 2007	July 16, 2007
February 20, 2007	August 27, 2007
March 26, 2007	October 22, 2007
April 16, 2007	November 19, 2007
May 21, 2007	December 17, 2007
June 18, 2007	

Chairman and Vice Chair re-elected to Board

At its regular meeting held on December 18, 2006, the Board of Retirement unanimously re-elected Richard A. White to the position of Chairman and Reed L. Royalty to the position of Vice Chair.



Mr. White (pictured on the left) was elected as Safety Member to the Board in June 2003, and has served as Chairman of the Retirement Board since June 2006. He also serves on OCERS' Private Markets Committee and the Governance Committee.



Mr. Royalty (pictured on the right) was appointed by the Orange County Board of Supervisors and has held his seat on the Board of Retirement since September of 1998. Mr. Royalty is currently Chairman of OCERS' Private Markets Committee.

On the move? Please keep your employer and OCERS updated

Is your address within your agency's payroll system correct? Please look at your most recent pay stub to verify that your home address is accurate. To correct your address, contact the Human Resources Specialist or Payroll Representative within your Agency/Department as soon as possible.



If you are a retiree and plan on moving, please make sure to contact OCERS as soon as possible to keep us updated with a current address and phone number so you continue to receive important information from us, including your 1099-R Form in early 2007.

Legal Update



A case out of San Diego explains that employees in deferred status are not entitled to enhanced retirement benefits granted to certain current County employees as a result of the collective bargaining process.

Bonner v. County of San Diego: The California Supreme Court recently denied review of the Appellate Court's decision in this case involving adoption by the County of San Diego of the provisions of Gov. Code §31469.4 which made probation officers and other employees safety members. The Board of Supervisors by resolution made the provisions of §31469.4 applicable to the County effective January 1, 1999. The plaintiffs were former probation officers who had left employment with the County prior to its adoption of §31469.4 and elected deferred retirement.

When these former probation officers retired in 2001, they contended that they were entitled to have their retirement allowance calculated as safety members, not general members. They relied upon Gov. Code §31705, which provides that a deferred member's retirement allowance is calculated based on the provisions of CERL as they exist at the time of commencement of the retirement allowance rather than at the time the member initially leaves County employment and takes deferred retirement.

The Court of Appeal disagreed, explaining that §31705 referred only to the formula to be used at the time of retirement in calculating the retirement allowance and did not purport to affect the classification of members as either general or safety. The Court further explained that because the deferred members were not active County employees at the time the Board of Supervisors adopted the provisions of §31469.4, their classification was not changed from general to safety and they were not entitled to the benefits of §31469.4.

Important upcoming holiday dates to remember

OCERS will be closed for the following observed holidays in early 2007:

Monday, January 15, 2007	Martin Luther King, Jr. Day
Monday, February 12, 2007	Abraham Lincoln's Birthday
Monday, February 19, 2007	George Washington's Birthday

While our office will be closed on these dates, you can still access a wealth of information at www.ocers.org.

Financial Strategy Seminars help prepare for future

If you are planning to retire within the next 3 to 30 years, you should plan to attend one of the following Financial Strategies for Retirement Planning Seminars held at:

OCERS (Training Room)
2223 Wellington Avenue
Santa Ana, CA 92701

The Financial Strategies for Retirement Planning Seminar consists of a three-session workshop. Each meeting will cover important topics for successful planning; individuals and couples are welcome to attend. The third meeting concentrates on information from an OCERS representative.

The seminar is free, and there is plenty of free on-site parking for those attending. Various topics of interest and importance will be covered over the course of the three-session workshop.

Among the important topics covered in the comprehensive three-session workshop:

- Deferred Compensation investment choices
- Tax-free and low-cost investing for profit
- How to determine retirement goals
- Investment choices to consider in the current stock market

The third meeting of each workshop focuses on information relating to OCERS, including such topics as:

- Eligibility for Retirement
- Reciprocal benefits
- Enhanced benefit formulas such as 2.7% at 55 and 2.5% at 55
- Benefit calculations, and how to apply for your retirement benefits from OCERS
- How to determine your future monthly benefit from OCERS

Don't miss out on this valuable information. It will help you prepare for your future. The seminars are free, but reservations are required. To make your reservation to attend this seminar, please log on at www.ocers.org and click on "Retirement Seminars."

An important note: anyone registering for the Financial Strategy Seminar should plan on attending all three sessions. For more information on upcoming Financial Strategies for Retirement Planning Seminars, please call Catie Flores at Financial Management Specialists, (714) 245-1954.

SCHEDULED DATES:

The Financial Strategy Seminar is a three-session workshop, and persons signing up should plan on attending all three sessions of the Workshop.

Dates are as follows:

Workshop
Wednesdays
January 10, 17 and 24, 2007
6 – 9:30 p.m.

Workshop
Wednesdays
February 7, 14 and 21, 2007
6 – 9:30 p.m.

Workshop
Wednesdays
March 7, 14 and 21, 2007
6 – 9:30 p.m.

Workshop
Wednesdays
April 4, 11 and 18, 2007
6 – 9:30 p.m.

OCERS offers Pre-Retirement Planning Seminars

Now is the perfect time to begin thinking about your long-term financial well-being. Because when it comes to retirement planning, it's never too early – or too late – to get started. So no matter when you plan to retire, it is important to attend a Pre-Retirement Planning Seminar offered by OCERS.

The few hours you spend at the seminar can have a beneficial and long-lasting impact on your quality of life after you retire.

The Pre-Retirement Planning Seminar is generally held twice a month at OCERS, 2223 Wellington Ave., Santa Ana, and includes a presentation by an OCERS Retirement Program Specialist. The one-session, five-hour seminar is free, and there is plenty of free on-site parking for those attending.

Various topics of interest and importance to you will be covered. A representative from "Deferred Compensation" will be addressing options for withdrawing funds from your 457 plan; a Social Security representative will discuss your Social Security and Medicare benefits; a representative from Retiree Medical will discuss medical benefit options; and an OCERS Retirement Specialist will focus on your OCERS retirement plan. Among the topics covered by the OCERS representative:

- When you are eligible for retirement
- How to determine your future monthly benefit from OCERS
- How to determine OCERS-related benefits for your spouse or other eligible beneficiaries
- When should new retirees expect their first retirement check
- Reciprocal benefits for employees who have worked for two or more retirement systems
- How to enroll and use the Member Information Center
- Deferred Retirement
- Returning to work under OCERS after retirement
- Cost-of-living adjustments (COLA) after retirement
- How to schedule an appointment with an OCERS Retirement Program Specialist

Don't miss out on this valuable information. It will help you prepare for your future. The seminars are free, and no registration is necessary.

For more information, please log on at www.ocers.org and click on "Retirement Seminars."

SCHEDULED DATES:

These one-session seminars will be held from 8 a.m. to 1 p.m. on Wednesdays.

Dates are as follows:

January 10, 2007

January 24, 2007

February 7, 2007

February 28, 2007

March 14, 2007

March 28, 2007

April 11, 2007

April 25, 2007

May 9, 2007

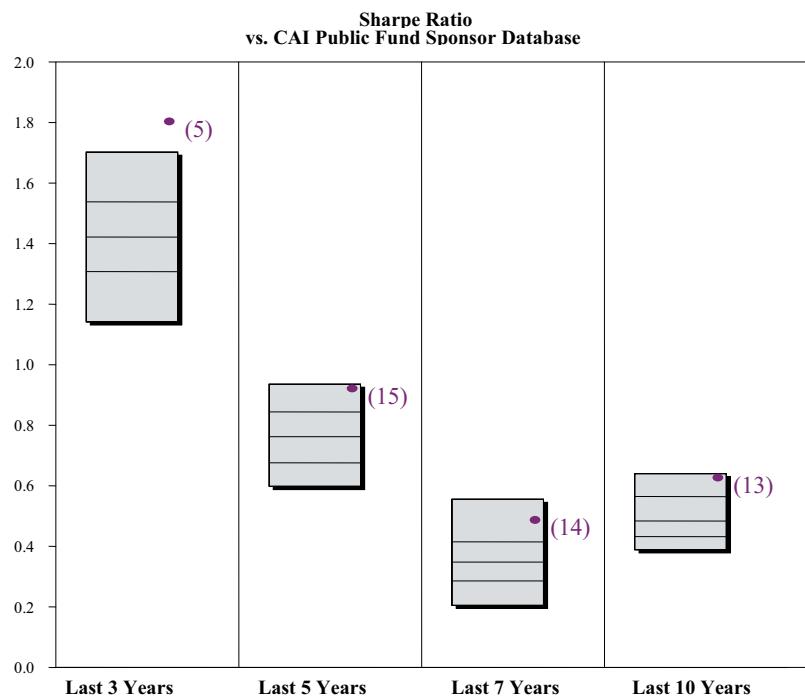
Investment Performance Review

By Keith Bozarth, Chief Executive Officer

As I write this article, 2006 is about to come to a close. The year will be the fourth consecutive year of investment return for OCERS that is above the rate of return we use in our funding model. Certainly those results are welcome news following the dramatic decrease in stock market values in the three years before that. It reinforces the fact that investment returns (and retirement system funding) are long term propositions and not one-year phenomena.

The real purpose of this article, however, is to share some welcome news on another aspect of investing. A critical factor in assessing an investment program is the "risk" taken. It is an axiom that aiming for higher investment return comes with higher risk of losses. Therefore, a judgment must be made about how much risk is acceptable. OCERS historically has taken a very moderate amount of risk, still consistent with solid investment returns.

There are also tools that measure whether a system is getting the most in return for the risk taken. In other words, once you determine what level of risk is acceptable, you want to know whether you are using that risk efficiently. Are you being paid for the risk you take? Historically OCERS has excelled at the amount of return obtained in exchange for the risk taken. The following table shows where OCERS has ranked among other public funds for the "Sharpe Ratio," one measure of that trade-off (1 is the best ranking, 100 the worst).



These results indicate that OCERS has been very efficient in its investment program, over significant periods of time. We achieve an outstanding return for the investment risk taken.

As stakeholders in the OCERS enterprise you should be interested in the investment return over long periods of time, but you should also be interested in the investment risk taken and what is achieved for that risk. We are pleased to share these results with you.

Retirement readiness: prepare yourself for tomorrow

Even if you are many years away from retirement, now is actually the perfect time to begin making decisions that will have a dramatic impact on your retirement.

Although every OCERS member's situation is different, a well-known retirement study reveals that more than 75 percent of pre-retirement income will be needed to maintain your standard of living after you retire. Aon Consulting's 2004 Replacement Ratio Study, possibly the best-known measuring tool in the industry, found that the amount of money employees need to retire continues to climb.

A replacement ratio is a person's gross income after retirement, divided by his or her gross income before retirement. For example, assume you earn \$60,000 per year before retirement. Further, assume you receive \$45,000 from OCERS and other retirement income such as a deferred compensation 457 plan. Your replacement ratio is 75 percent.

"Taking an active role in understanding and preparing for your own retirement will pay dividends long after you retire," said James W. Buck, OCERS' Assistant CEO.

In addition to becoming a vested member of OCERS and using online tools to calculate your monthly pension from the retirement system, there are additional things you can do to help prepare for life as a retiree:

- OCERS hosts two different seminars (see stories on pages 4 and 5 of this issue) designed to help members learn about OCERS' defined benefit pension plan, as well as related topics such as deferred compensation (also known as a 457 plan), retiree medical issues, investing strategies, and Social Security and Medicare.
- If you have established reciprocity, contact all reciprocal retirement systems to file separate retirement applications. Remember, you must retire from all reciprocal retirement systems for which you have worked on the same date.
- Every active member of OCERS should have an updated Summary Plan Description "A Guide to Your Retirement Benefits," better known as an "SPD." If you can't find your green binder, you can find the up-to-date SPD for your Plan Type in the Member Information area at OCERS' Web site.
- OCERS recently posted a Retirement Planning Checklist online that provides a useful and easy-to-understand guide to prepare members as they near retirement. The checklist is broken down into areas such as "Five or more years prior to retirement," "One year prior to retirement" and "Two or three months prior to retirement" and outlines specific things members want to do as they approach retirement. It goes over a number of key points that are important for all active members to know.

"The important thing is to begin learning and planning for your retirement today," Mr. Buck notes.

For more information on OCERS, visit www.ocers.org.



The future is now: members can retire online

Starting in early 2007, any OCERS member planning to retire can complete a Retirement Application online using a new resource on the Member Information site at www.ocers.org. But first you must have enrolled in the Member Information Center and received a PIN.

OCERS has launched an easy-to-use tool for both active and deferred members to complete their Retirement Application, Electronic Direct Deposit and Tax Withholding Election forms prior to their one-on-one meeting with a Retirement Specialist at OCERS' office.

Before sitting down to complete the Retirement packet online, please note some important information to have ready to help you complete the electronic paperwork: know your retirement date; know the names and Social Security numbers of your primary and contingent (secondary) beneficiaries; and know the name, address and phone number of your financial institution as well as your individual bank/savings account number. It is also a good idea to give careful consideration and understand the various payment options before you complete your Retirement Application.

Even if you aren't yet eligible to retire, the beginning of 2007 is the perfect time to enroll at OCERS' Member Information Center. So direct your computer browser to www.ocers.org and enroll at the Member Information Center today.



Orange County Employees Retirement System
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