

At Your Service

Orange County Employees Retirement System

VOLUME 4 NUMBER 2 MAGAZINE FOR ALL MEMBERS April 2005



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Pension Plans in the News

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 Robert Kinsler, Jayne Ritchey and Cuong Nguyen.

Board of Retirement Meetings:

All regular business meetings are held in OCERS Board Room at 8:30 a.m.

April 18, 2005	May 16, 2005
June 20, 2005	July 18, 2005
August 29, 2005	October 24, 2005
November 21, 2005	December 19, 2005

Keith Concannon honored; Robert Griffith welcomed

Outgoing Board Member Keith L. Concannon was honored by the other members of the OCERS Board of Retirement, as well as OCERS' staff at the monthly meeting on Dec. 20, 2004. Concannon served on the Retirement Board for more than 39 years; he was first elected by Active Members in 1961 and served in that seat for more than 20 years. And then, after retiring from the County of Orange, he was elected by Retired Members and began his second period of service on the Board in 1987.

"I want to thank Mr. Concannon for his many years of service," said Board Member George Jeffries, adding Concannon was a mentor to him when he first joined the Retirement Board. "There is no one I can think of who is more passionate and more consistent in his endeavors on behalf of his elected constituents. I wish you well and it has been great serving with you."

Robert Allen Griffith (pictured on left) was elected by Retired Members to replace Concannon (pictured on right) and began serving his three-year term on Jan. 1, 2005. After graduating from Cal State Fullerton with a bachelor's degree in Political Science/Public Administration in January 1969, Griffith was hired by the County of Orange Personnel Department. Over the next 33 years, he held a variety of positions including a job classification and salary analyst, Chief of Employee Relations, Chief of Personnel Operations - and more recently - as Chief Deputy Director of the Social Services Agency and as acting County Recorder.

In January 2003, Griffith became President of the Retired Employees Association of Orange County (REAOC). He was reelected to his third term in that office in December 2004.



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 E. 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
- Benefit formulas such as 2.7% at 55
- Reciprocal Benefits
- 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 Moore 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

May 4, 11 and 18, 2005

6-9:30 p.m.

Workshop

Wednesdays

June 1, 8 and 15, 2005

6-9:30 p.m.

Workshop

Wednesdays

July 6, 13 and 20, 2005

6-9:30 p.m.

County Plan I and J Members to see contributions rise

As part of bargaining agreements reached last year, most General Members who work for the County of Orange will become Plan I (formerly Tier I members) and Plan J (formerly Tier II) members all with the 2.7% at 55 benefit formula beginning in July 2005. (Members of the AFSCME bargaining unit will not receive the enhanced retirement package and remain in plans A (Tier I) and B (Tier II).)

The agreements between the County and its employees are designed so that employees bear the full cost of the new benefit. Therefore, because of the increased cost to provide the enhanced lifetime benefit, Plan I and J members who work for the County will see an increase in their contributions beginning with the paycheck of July 15, 2005.

The OCERS' Web site has the chart listing the new contribution rates for employees, including the basic rate all affected employees must pay for the benefit enhancements, and the "additional contribution" that was negotiated with applicable bargaining units to upgrade every member's past service to the increased 2.7% at 55 benefit formula. NOTE: The "additional contribution" amount listed at the bottom of the Web site chart for administrative management and executive management reflects the full percentage that will be paid by those individuals.

The following are some examples to illustrate the cost of the increased benefit to your paycheck. As there are many variables that can affect your individual retirement contribution, the following examples are for illustrative purposes only. Please contact OCERS with any specific questions, or contact the labor organization for your bargaining group.

Employee A, currently age 50, who entered County service at 30 years of age is a General Member who has been working for the County for 20 years. Because he will be a Plan J member and his age of entry was 30, he presently pays a contribution rate of 6.86% of pay for retirement. Beginning with the paycheck of July 15, 2005, Employee A will see an increase in that rate to 9.41%. And because he is in bargaining unit governed by OCEA, there is an "additional contribution" of 2.46% that will be used to upgrade all of his past service to the new 2.7% at 55 formula. So, Employee A's full contribution will be 11.87% of pay.

Employee B, currently age 55, who entered County service at 24 years of age has been working for the County for 31 years. Because she is going to be a Plan I member and her entry age was 24, she currently pays a contribution rate of 4.50% towards her retirement. Beginning with the paycheck of July 15, 2005, Employee B will see an increase in that rate to 8.93%. And because she is in bargaining unit governed by SEIU, there is an "additional contribution" of 2.36% to upgrade all of her past service to the new 2.7% at 55 formula. So, Employee B's full contribution will be 11.29% of pay.

Employee C, age 57, has been working for the County for 25 years. Because he is an unrepresented manager, the County currently picks up all his retirement contributions. However, beginning with the paycheck of July 15, 2005, Employee C will see a contribution rate of 6.64% taken out of his check for retirement; this "additional contribution" will upgrade all of his past service to the new 2.7% at 55 formula.

For a complete list of contribution rates affecting Plan I and Plan J members who work for the County of Orange, visit www.ocers.org.

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 held twice a month at OCERS, 2223 E. 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, but reservations are required. For more information and to make your reservation to attend this seminar, 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:

June 15, 2005

July 6, 2005

July 20, 2005

August 3, 2005

Group Retirement meetings set to begin in May 2005

In August 2004, the County of Orange reached agreement with a number of General Member bargaining units and certain unrepresented employees to implement a 2.7% at 55 retirement formula. Because that benefit will go into effect in July 2005, a number of eligible employees are expected to retire beginning in July.

As a result of so many members planning to retire this summer, OCERS has scheduled a number of special Group Retirement meetings that will offer members the opportunity to complete the paperwork necessary to file for retirement.

“We are encouraging people to ‘go out’ on July 8th; that will allow them to take advantage of the July 4th holiday and will take them through July 7th, the last day of that pay period,” explained Ricki Parker, Benefits Manager at OCERS.

The soonest a member can legally sign an application prior to their retirement is no more than 60 days before their official retirement date. So beginning on May 10, and continuing with meetings on May 11, 12, 17, 18 and 19, as well as on May 24 and 25, OCERS will host the Group Retirement meetings designed for members who wish to retire in July or August of 2005. Space is limited, but members can register to attend these special meetings at www.ocers.org. Registration begins April 1, 2005.



Once online at OCERS' official Web site, members must fill out a form requesting information such as their name, address, Social Security number and beneficiary information. This information must be gathered by OCERS before a member's final retirement can be processed.

The meetings will be held in the Training Room at OCERS, located at 2223 Wellington Ave., Santa Ana.

Members attending the Group Retirement meetings will need to bring their birth certificate - and if married - their marriage license and their spouse's birth certificate.

“For those members who would prefer an individualized appointment, OCERS will be happy to accommodate their request. However, we recommend those members wait until after this first wave of members retire and we can schedule them with a one-on-one appointment with a Retirement Specialist,” Parker said.

Those who are not sure if they are ready for retirement should attend a free Pre-Retirement Seminar; these are held twice a month at OCERS. For more information, including registering for the Group Retirement meetings beginning on April 1 or attending a Pre-Retirement Seminar, visit www.ocers.org.

Defined Benefit and Defined Contribution Plans

In the wake of proposals by Gov. Arnold Schwarzenegger and others that would shift public pensions from a defined benefit plan to a defined contribution plan, OCERS has received a number of calls from our members who have concerns. This article is designed to provide members with a general overview about Defined Benefit and Defined Contribution Plans.

What are Defined Benefit and Defined Contribution Plans?

There are two types of pension plans – defined benefit (DB) and defined contribution (DC). OCERS, like most public sector plans, is a DB plan.

A DB plan is what most people refer to as a pension plan. A DB plan provides a member with a guaranteed lifetime income. In addition, the DB plan provides designated beneficiaries with certain benefits that may be payable upon the member's death.

A DB plan provides benefits to members based on factors such as the member's age at retirement, years of service and final average salary. DB plans consider years of service by the employee, generally providing greater benefits the longer an employee works for a particular employer.

Under a DC plan, an employee or employer contributes money into individual accounts. A 401(k)-style DC plan provides benefits based on the amount contributed to an individual employee account, plus any investment gains or losses.

What are the advantages and disadvantages of the two types of plans?

People often ask which kind of plan is better. DB and DC plans each offer their own advantages and disadvantages.

A DB plan provides a predictable and consistent lifetime income, with many OCERS members supplementing the monthly income from our system with a tax-deferred 457 deferred compensation program. DB plans such as OCERS also provide death, disability and cost-of-living adjustments to retirees.

A DC plan provides for investment choices for the individual. A DC plan usually allows a member to borrow from the account for certain qualified conditions. However, DC plans do not provide a guaranteed benefit level at retirement nor do they include disability or death benefits.

DC plans such as 401(k)s end when the money in the participant's account is gone. Because OCERS members do not participate in Social Security, they would have no guaranteed lifetime income if a DC plan is their only retirement plan. However, DC account balances may be transferred to a terminating employee's next retirement plan, and thus the plans are typically more portable.

OCERS' goal is to help educate all of its members and provide them with a wealth of information and services while they work, and after they retire. OCERS' Web site now has a DB vs. DC Resources Guide that can be accessed at www.ocers.org.

Enroll today! OCERS' Member Information Center provides account information online

OCERS is offering an exciting new tool for active members and retirees interested in viewing their retirement account information online.

The Member Information Center has been launched allowing participants to gain access to their OCERS account 24 hours a day, 7 days a week. Once a member has enrolled, OCERS will mail out a Personal Identification Number (PIN) within 5 working days.

The Member Information Center is secure and easy to use, allowing members to find tailored information that is relevant to them in just seconds.

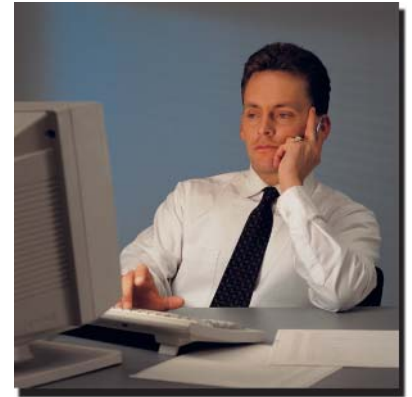
Active Members will be able to gain access to details about their beneficiaries, employment history, Plan Type and even use an interactive Benefit Estimator to calculate their retirement.

Retired Members who use the Member Information Center are able to view screens detailing tax withholding, direct deposit and 1099R information. The center also allows retirees to confirm details and history relating to their 12 most recent benefit payments.

"Since we launched the Member Information Center in January, more than 1,150 members have enrolled," said OCERS Chief Executive Officer Keith Bozarth.

"OCERS participants can now log into the Member Information Center to monitor their account balances, review accrued benefit information and get other important plan information when it works into their schedule," Bozarth added.

The best way to learn about all the new features is to log on at www.ocers.org and enroll at the Member Information Center today.



Orange County Employees Retirement System
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