

# At Your Service

Orange County Employees Retirement System

VOLUME 5 NUMBER 2 MAGAZINE FOR ALL MEMBERS April 2006



OCERS members mentor children to success

# 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.

April 17, 2006	May 15, 2006
June 19, 2006	July 17, 2006
August 28, 2006	October 23, 2006
November 20, 2006	December 18, 2006

## Board of Retirement elections approaching

An election is being conducted by the Orange County Registrar of Voters to select two members for the Orange County Employees Retirement System's Board of Retirement. The elections are necessary because the terms for the Safety Member Board Member and Alternate Member will expire June 30, 2006.

Election particulars were detailed in notices distributed to all Safety Members in March 2006. As stated in the announcement, the nomination period was held from April 10, 2006 through April 28, 2006. Ballots will be issued to Safety Members and mailed on May 23, 2006. The deadline to return voted ballots to the Registrar of Voters Office is June 12, 2006 at 5 p.m.

Ballots will be counted on June 13, 2006.

Following certification of the election results, the newly elected Safety Member and Alternate Member will take office on July 1, 2006.

Safety personnel from the Probation Department may serve as the 7<sup>th</sup> member of the Board of Retirement; however, they are not eligible to sit as the Alternate Member pursuant to law. If the Probation candidate receives the second highest number of votes, and the 7<sup>th</sup> member is an active law enforcement member, the Alternate Member shall be chosen from active fire suppression. If the 7<sup>th</sup> member is an active fire suppression member, the alternate shall be chosen from active law enforcement, which does not include Probation.



## **OCERS' Member Information Center provides account information online; enroll now!**

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 employment history and Plan Type, as well as update information on their primary and contingent beneficiaries. In addition, they can 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 relating to their 12 most recent benefit payments.



More than 4,000 members have enrolled to take advantage of the free and interactive site.

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. The best way to learn about all the new features is to log on at [www.ocers.org](http://www.ocers.org) and enroll at the Member Information Center today.

### **Retirees, survivors to see 3% COLA on May 1**

Retirees and others who receive a monthly payment from OCERS will see a 3 percent cost of living adjustment (COLA) beginning with their May 1, 2006 check. The Board of Retirement approved the increase at its regular meeting in February 2006.

Any OCERS member who retired on or before April 1, 2006 will receive the 3 percent COLA this year. A cost of living adjustment is made annually in accordance with changes in the Consumer Price Index (CPI) for the Orange County area. The CPI for the Orange County region in 2005 was 4.45 percent; the 1937 Act calls for cost-of-living increases to be rounded to the nearest one-half percent.

Any changes in the CPI over the maximum are held in a COLA bank and are applied to retirees' benefits in a future year when the CPI change may be less than 3 percent.

For example, if a member retired in March 2006, they would receive the maximum 3 percent on their May 1, 2006 payment, and the remaining 1.5 percent would be placed in the COLA bank. If in the second year of retirement, the CPI is 2%, the member would receive the maximum of 3 percent (with 1 percent from the COLA bank).

# 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](http://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

April 5, 12 and 19, 2006

6 – 9:30 p.m.

#### Workshop

Wednesdays

May 3, 10 and 17, 2006

6 – 9:30 p.m.

#### Workshop

Wednesdays

June 7, 14 and 21, 2006

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](http://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:

April 12, 2006

April 26, 2006

May 10, 2006

May 24, 2006

June 7, 2006

June 21, 2006

# Investment Performance Review

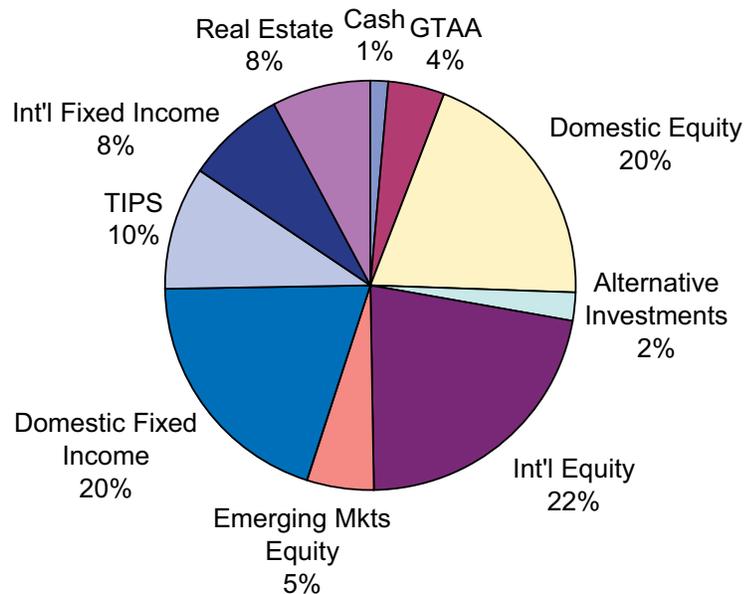
By Shanta Chary, Acting Chief Investment Officer

2005 turned out to be a positive year for the financial markets despite various global challenges. The Federal Funds Rate ended up at 4.25% at the end of 2005, up 2% from the previous year. Indeed, 2005 was a decent year considering institutional investors were faced with 16 interest rate hikes, devastating hurricanes, a dramatic increase in the cost of oil, and the unexpected rise in the dollar. Energy prices grabbed headlines throughout the year; oil was priced at \$43.45 per barrel at the end of 2004, and climbed to \$61.04 by the end of 2005.

The investment strategy of the Orange County Employees Retirement System is built around a well diversified investment portfolio. The OCERS portfolio is invested in equity, fixed income, TIPS, real estate and private equity. The asset allocation is in accordance with the Retirement Board's adopted strategic investment policy (see chart on this page).

As of Dec. 31, 2005, OCERS' total fund exceeded the \$6 billion mark by posting returns of 8.83% for the year, exceeding the retirement system's interest rate assumption of 7.5%. Over the last three-year period, the System delivered a return of 13.26% while the five-year return was at 5.86%. 2005 was a positive year for both domestic and international equities. For the year, the Standard & Poor 500 index was up 4.91% while OCERS' domestic equities posted a return of 7.90%. The non U.S. equity markets continued to deliver stronger returns relative to U.S. markets. The non U.S. equity composite was up 18.95% for the year. Domestic bonds were in the positive territory, up 3.13% despite the rate increases that came throughout the year. OCERS realized strong returns in real estate (21.15%) and alternatives (19.33%). The effect of the steep declines in the equity markets in 2000 and 2001 continues to impact the total fund return for the five-year period.

Actual Asset Allocation as of December 2005



The System has solid long-term performance which is a testament to the prudent investment policies and discipline followed by the OCERS Board. The Board has taken several actions in the last couple of years to maximize the return potential while minimizing the risk assumed in the portfolio. The actions taken include the allocation to TIPS (to provide an inflation hedge) and Pure Alpha (managing a portfolio to an absolute return objective like Cash +5%, instead of a standard market benchmark like S & P 500).

The Board of Retirement has adopted a broadly diversified asset allocation policy and continues to monitor the asset allocation and investment structure routinely. The investment program continues to be well positioned to meet the challenging investment environment ahead.

## Area children benefit from OCERS members' efforts

As long-time employees with the County of Orange, both Ray Cole and Mark Gunderson know what it means to make a difference.

And while both retired in 2005, they continue to give back to the community through their volunteer involvement as mentors for HOSTS (Helping One Student to Succeed), a program designed to improve students' reading, writing, vocabulary, study skills and high-level thinking. Both of the OCERS retirees work with students at Pio Pico Elementary School in Santa Ana.

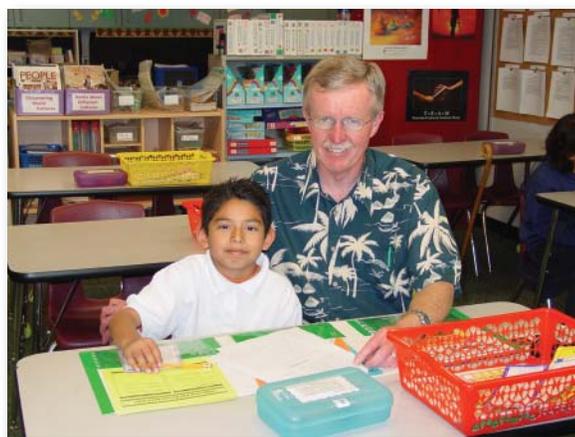
Ray Cole, who has been a volunteer mentor for 4½ years, retired from his County of Orange position as Managing Auditor Appraiser in September 2005. Now he drives from his home in Dana Point every week to work with youngsters at Pio Pico. His wife, Lucy Flores, who works as Managing Assessment Technician with the Assessor Department, has been a mentor with the HOSTS program since 1998. There are currently 120 mentors, most volunteering one lunch hour each week to HOSTS.

"I've had six children. Just seeing them improve with their reading and other grammar skills is amazing," said Cole, who worked for the County for 35 years. He began volunteering at the beginning of the school year in 2001, and noted helping youngsters helped him during a difficult period when his first wife was battling ovarian cancer; she passed away in February 2002.

"After doing it all these years, I figure I will continue as long as I can," said Cole, who remarried last year.

Mark Gunderson, a clinical psychologist who worked for the Health Care Agency in the Children and Youth Services in Westminster before retiring in September 2005, didn't have time to volunteer while he was working. But he had kept the recruitment flyer for the program and began volunteering in January 2006.

"It's really easy; you don't need any training in advance," said Gunderson, a resident of Santa Ana, who works with three children every week (third graders Ruby Castro, Eduardo Sanchez and Margarita Coria are featured with Gunderson on the cover of this issue). "I think volunteers get more out of this than the children."



Student Brian Bahena with mentor Ray Cole.

"We've had close to 500 employees from the County and Superior Court volunteer since 1998," said Jane Dawson, Manager of Volunteer Resources for the County of Orange. She said that the majority of HOSTS mentors have come from the ranks of County of Orange and Orange County Superior Court employees.

HOSTS Mentor Program teachers Emily Wolk and Martha Gonzalez say the program is very effective, with students typically seeing as much as two grade levels of improvement in reading, writing and spelling skills in as little as six months. And being a volunteer is easy, with school staff setting up specific lesson plans.

For more details or to sign up as a volunteer mentor, please contact Jane Dawson at (714) 834-7440 or via e-mail at [Jane.Dawson@ocgov.com](mailto:Jane.Dawson@ocgov.com).

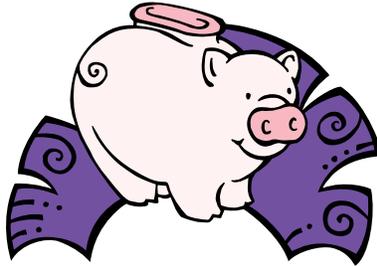
# OCERS is diligent about protecting Member benefits

For those who listen to talk radio or read newspapers on a regular basis, the only story conveyed about government pension plans such as OCERS is that they negatively impact the financial health of local government.

While public pension funds and personal investment accounts collectively took a hit from the market losses that stretched from 2000 through 2002, OCERS has enjoyed strong market returns in the last three years and continues to provide full retirement benefits to an ever-growing number of Retirees. Indeed, as of March 1, 2006, OCERS had a record monthly payroll of 10,286 retirees, survivors and other recipients receiving more than \$24 million in monthly benefit payments. And as of Jan. 31, 2006, OCERS' total fund had a record high value of \$6.4 billion.

Those are not the only points that fail to make headlines. OCERS was established in 1945 and has been providing retirement pensions to employees for more than 60 years. And in December 2005, OCERS was awarded a Certificate of Achievement for Excellence in Financial Reporting for the 11th year in a row by the Government Finance Officers Association of the United States and Canada for your retirement system's Comprehensive Annual Financial Report (CAFR).

The OCERS' Board of Retirement and staff are committed to act for the exclusive benefit of the plan and its participants, manage assets of the plan prudently, and administer benefits with impartiality.



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