

# *At Your Service*

Orange County Employees Retirement System

VOLUME 5 NUMBER 3 MAGAZINE FOR ALL MEMBERS July 2006

## One member's road to retirement is going to the beach



*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.

July 17, 2006                      August 28, 2006  
October 23, 2006                November 20, 2006  
December 18, 2006

## **Member Information Center provides account information online; enroll today**

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.

OCERS' Web site has a number of other new resources of interest to members, including a feature that allows visitors to download, view and print all of the backup material related to the next-scheduled Board of Retirement meeting. When opening the agenda for that specific meeting, there are easy-to-see links that open up the full version of any related materials at the click of a mouse. Information: [www.ocers.org](http://www.ocers.org).

## Legal Update

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**Ventura II:** In a case that was heralded as Ventura II, retirees of the Ventura County Employees Retirement Association filed a class action lawsuit disputing the manner in which VCERA handled its excess earnings. VCERA counted excess earnings in a manner which had the effect of reducing the County's contribution rate to zero for a few years. The retirees claimed that when the system is 100% funded, the Board has a duty to either (1) pay supplemental benefits to retirees, or (2) hold excess earnings in a non-valuation contingency reserve, before using the excess earnings in a manner that benefits the County by reducing normal cost contributions. VCERA was allowed to count the excess earnings in a way that reduced the county's contribution to zero

The court found that the overriding mandate in Prop 162 is to require VCERA to administer the pension funds in a sound actuarial manner so that the benefits promised to County employees during their work life will be paid in full and in a timely manner after they retire. Once such an actuarial goal is met, VCERA may still administer its funds to minimize the County's contribution." The court found that VCERA was allowed to count the excess earnings in a way that reduced the county's contribution to zero.

**Deadline to Change Benefit Option for Domestic Partners is January 1, 2007:** SB 973, which became effective on January 1, 2006, allows a survivor's allowance to be paid to the domestic partners of some members who retired before January 1, 2006 if the proper election is made by January 1, 2007. In order for a member's domestic partner to be eligible for a survivor's allowance, certain requirements must be met:

- Member must have retired before January 1, 2006
- Must be a registered domestic partnership at time election is made
- Member and partner must provide an affidavit showing that they would have qualified to register as domestic partners for at least one year prior to retirement
- If member elected an optional benefit settlement at retirement, his or her domestic partner must have been named as a beneficiary

If you believe you meet these requirements and wish to change the election you made at retirement so that your domestic partner is eligible for a survivor's allowance, you must do so by January 1, 2007. Contact OCERS' Member Services department if you have any questions.

# 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

July 12, 19 and 26, 2006

6 – 9:30 p.m.

#### Workshop

Wednesdays

September 6, 13 and 20, 2006

6 – 9:30 p.m.

#### Workshop

Wednesdays

October 4, 11 and 18, 2006

6 – 9:30 p.m.

#### Workshop

Wednesdays

November 1, 8 and 15, 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:

July 12, 2006

July 26, 2006

August 9, 2006

August 23, 2006

September 6, 2006

September 27, 2006

October 11, 2006

October 25, 2006

November 8, 2006

# Investment Performance Review

**By Shanta Chary, Chief Investment Officer**

At its regular meeting on June 19, OCERS' Board of Retirement received the latest news about the Retirement System's fund performance through May 2006. Despite the significant market downturns recorded in May, OCERS' total fund still showed a year-to-date return of 4.3 percent. OCERS' fund is up 7.48 percent over the past five years.

The May numbers mirror losses across Wall Street related to a number of factors including inflationary pressures and continued Federal Reserve tightening as a result. Given the very strong returns experienced in the last three years, some market correction is not surprising.

## **Comprehensive Recap of 2006 to date**

Interest rates continued to move higher during the first quarter (January-March) as a result of continued economic growth. Despite the increases in energy prices (the price per barrel exceeded \$65), consumer spending and business investment pushed the first quarter GDP to 5.3 percent, placing inflationary pressures on the economy. The Federal Reserve raised the Fed Funds rate to 4.75 percent by the end of the previous quarter and through May the rate was at 5 percent.

Equity markets reacted positively to continued news of positive earnings as well as a benign inflation outlook during the first quarter. Returns in the first quarter continued to be strong with the Standard & Poor's 500 index up 4.21 percent and NASDAQ up 6.38 percent. Small cap stocks had phenomenal returns while large value stocks outperformed growth stocks. The best performing sectors were energy, basic materials and industrials, while utilities posted negative returns.

The non U.S. markets continued to post strong gains into the first quarter. The MSCI EAFE was up 9.4 percent for the quarter, with the one-year return at 24.41 percent. Europe was the best performing region in the developed market. After strong performance over the past couple of quarters, Japan slowed down a bit. All sectors enjoyed strong returns during the quarter with the exception of telecom. Emerging markets continued to post strong returns in the first quarter. The MSCI emerging markets index was up 12.1 percent for the quarter bringing the one-year return to 47.99 percent. Latin America had the strongest returns.

The Lehman Aggregate was down 0.65 percent. In the bond markets, treasuries and mortgages were impacted by the rising interest rates, while high yield bonds posted positive returns.

April posted modest positive returns, but markets turned negative in May. The global stock markets suffered a major setback with continued inflationary pressures and the fear that the Fed would go too far in raising rates which would result in a significant slowdown in the economy. Other fears weighing on investors' minds included slowing of corporate profits, high energy prices, and dollar weakness. The S & P 500 index was down 2.9 percent in May with the year-to-date return at 2.6 percent. Emerging markets experienced major declines as investors reduced risk in their portfolios. The MSCI EAFE was down 3.9 percent while the Emerging Market index was down 10.5 percent.

Despite the declines in May, most markets still are in positive territory. OCERS' well-diversified portfolio includes a mix of domestic and international stocks, real estate, treasury inflation protection securities, bonds and alternative investments.

## Charlie Rosas' road to retirement takes him surfside

The road to retirement isn't necessarily paved with gold. Sand works well too, and for one long-time OCERS member the path is as easy as going to work each day.

Charlie Rosas operates a special tractor along seven miles of County of Orange beaches that stretch from Sunset Beach in Huntington Beach all the way south to Poche Beach in San Clemente. His role is a vital one for the Harbors, Beaches & Parks department, with his specially-outfitted vehicle used to clean the beach while preserving the ecological environment that is home to wildlife such as grunions and snowy plovers.

"This is one of the best beaches," said Rosas, interviewed on a recent morning where he was using the refitted John Deere farm tractor at Salt Creek Beach in Dana Point. Rosas, who has worked for the County for 32 years, began his career working for the Fire Department (before that agency became the Orange County Fire Authority) helping perform a number of tasks including maintaining hiking trails and building fire breaks in wild lands.



He moved to the Public Works department in the early 1980s and worked his way up to his current position as a Power Equipment Operator II. Earlier this year, Rosas accepted an offer to operate the beach tractor following the retirement of a co-worker. The equipment he uses is part of an overall effort by the Harbors, Beaches & Parks department that rakes, sanitizes and maintains beach resources.

Although Rosas loves his job, he admits to having already begun planning for retirement, including taking a Pre-Retirement Seminar at OCERS and using the online calculator to weigh possible retirement dates.

"As far as my last years working in the County, I couldn't ask for anything more than working for Harbors, Beaches & Parks," Rosas said.

## Incumbents re-elected to Safety positions on Board

Safety Member Richard A. White Jr. and Alternate Safety Member David J. Thompson were re-elected to their respective terms on the Board of Retirement in election results announced in June 2006. Mr. White won another three-year term on the Board and has also been selected to serve as Chairman on the Board of Retirement. Mr. Thompson will also serve another three-year term on the Board of Retirement.

Mr. White was elected as Safety Member in June 2003 and began serving his first term on July 1, 2003. In addition, Mr. White was elected as Vice Chair in August 2003, and also serves on OCERS' Governance Committee and on the Real Estate/Alternative Investment Committee. Mr. Thompson has been a trustee on the Retirement Board since July 2000, and serves on the Investment Committee and chairs the system's Governance Committee. A 30-year veteran of the Orange County Fire Authority, Mr. Thompson commands an engine company in South Orange County.

## Charitable deductions policy approved

The OCERS Board of Retirement recently adopted a comprehensive policy allowing retirees to make voluntary charitable donations via monthly payroll.

The first part of the policy allows OCERS retirees to elect the same charitable deduction possibilities they could make as an active employee. They can make regular contributions to an employer-sponsored charity via automatic payment from their OCERS check. Under this part of the policy, new or existing retirees can make contributions only to an employer-sponsored charity. Members are free to start and stop the contributions as they wish.

In addition, the OCERS policy includes informing retirees that they can set up a schedule of charitable giving via their own financial institution, such as a bank or credit union. Under this part of the plan, the retiree is completely free to select what charity they wish to support.

“With the increasing number of our active members who donate to charity through payroll deductions, this new policy provides an easy way for those in the OCERS network to continue to give once they move into retirement,” said James Buck, OCERS’ Assistant Chief Executive Officer of External Operations.

Any retirees interested in learning more about the newly-approved charitable deductions policy, should contact OCERS’ Members Services staff at (714) 558-6200.



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