

# At Your Service

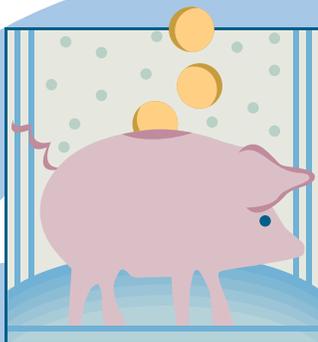
Orange County Employees Retirement System

VOLUME 5 NUMBER 4 MAGAZINE FOR ALL MEMBERS October 2006

**Dangerous waters?  
Direct Deposit = security**



**Financial Sense:  
OCERS Fund update**



**'Show me the money'  
Member Information Center can**

*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.

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 5,000 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. Go to [www.ocers.org](http://www.ocers.org) and click on Public Meetings.

# Investment Performance Review

By Shanta Chary, Chief Investment Officer

OCERS invests to achieve desirable long-term results with well-managed risk. Performance of the portfolio depends both on the general direction of the capital markets and OCERS' specific investment actions. This article covers both aspects, and provides background concerning ongoing adjustments to the OCERS portfolio.

## Capital Markets:

During the second quarter of 2006, capital markets responded to multiple influences. Rising inflation and a global slowdown in growth following the Federal Reserve's recent monetary policy caused investor concern. Economic growth (measured by the Gross Domestic Product) was at 2.9% compared to the previous quarter's 5.6%. While the expectation is that the Federal Reserve is near the end of its rate tightening cycle, central banks globally are expected to continue to raise rates to control inflation for some time.



This rate tightening affected equity markets worldwide. Investors moved away from higher risk assets such as small company stocks and emerging markets. Those two areas of the market had provided very attractive returns in the past five years. During the quarter, technology and health care stocks also fared poorly.

Bond markets were negatively affected by inflationary concerns and increasing interest rates. However, higher yielding sectors such as corporate bonds and mortgage backed bonds performed relatively well.

## OCERS Performance:

During the second quarter, the OCERS fund returned 0.14%. For the first six months of 2006 the fund grew by 4.22%. The fund's one-year return was 11.71%, which places the fund solidly in the top quarter of the Callan Public Fund Universe. During those periods OCERS' fund was affected by the same factors as the capital markets generally, but several factors led to OCERS' stronger performance.

The relatively higher exposure to international assets (both stocks and bonds) helped OCERS portfolio, as the dollar weakened during the quarter. OCERS relatively higher exposure to real estate continued to serve the fund well. Real estate and non-traditional assets have performed very strongly in the past several years. The OCERS fund has returned 7.4% for the last five years, a period which includes the very negative stock markets of 2001 and 2002.

## Ongoing Activity

OCERS continues to adjust its portfolio to remain well-positioned for the future. Ongoing activities include:

- Increasing active management for emerging market stocks, international stocks and domestic bonds and reducing the corresponding index portfolios.

See Investment Performance Review on page 6

# 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

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:

October 11, 2006

October 25, 2006

November 8, 2006

## Legal Update

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### POWER OF ATTORNEY – DO YOU NEED ONE?

No one can request information about or make changes to your retirement file without your documented consent. If you become incapacitated, a Durable Power of Attorney must be provided that authorizes your Attorney-in-Fact to make changes on your behalf. Your Attorney-in-Fact is the person designated by you in the Power of Attorney form to make decisions about and changes regarding your retirement.

All Powers of Attorney are not created equal. A Durable Power of Attorney contains a clause stating that the person you designate as your Attorney-in-Fact may continue to act on your behalf even if you become incapacitated and unable to handle your affairs. A General Power of Attorney does not contain such a clause. Without the durable clause, a General Power of Attorney automatically terminates if you become incapacitated.

A Power of Attorney is only valid if you have the mental capacity to understand what you are signing when you sign the document. It must be formed, signed and witnessed in compliance with the laws of the State where it is entered into. If you become incapacitated and you have not already completed a valid Durable Power of Attorney, a conservatorship must be established before anyone will be permitted to make changes to your retirement files on your behalf.

OCERS will review any Power of Attorney form submitted to it to ensure that it is a valid Power of Attorney. OCERS will honor any valid Power of Attorney until it receives notice that the Power of Attorney has been revoked. Once provided with a Power of Attorney, OCERS will provide information to and follow the instructions of the designated Attorney-in-Fact concerning your retirement account.

For a sample Power of Attorney relating only to OCERS benefits, visit our web page at [www.ocers.org](http://www.ocers.org) under Publications and Forms. OCERS does not provide legal advice. Please consult an attorney about the advantages and disadvantages of obtaining of a Durable Power of Attorney and to determine whether the sample Power of Attorney at the OCERS Web site is sufficient for your needs.

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### Investment Performance Review continued from page 3

- Investing in value-add real estate funds.
- Expanding commitment to private equity (venture capital, buy-out funds, etc.)
- Reviewing the possible use of additional asset classes, such as 'absolute return' strategies.

OCERS will continue working to maintain its history of solid performance with a somewhat lower level of risk than the average pension fund.

# Protect yourself from fraud; sign up for direct deposit

Cases of mail fraud don't only occur in TV shows and crime novels.

In August 2006, several Retiree checks were stolen sometime after they had been delivered to a U.S. Postal facility. As a result, new checks had to be reissued after OCERS was notified of this crime. Several OCERS payees didn't receive their retirement check until well after the first of the month. OCERS is working with law enforcement to help prosecute a suspect in connection with this crime. This scheme served as an important reminder that there are a number of ways that members can help protect themselves from fraud.

"The most important step that a Retired member can take to insure they get their monthly retirement allowance from OCERS quickly and safely is to sign up for direct deposit," said Stephen Cadena, Assistant CEO of Internal Operations at OCERS.

"If you currently receive your OCERS check, as well as any Social Security or other benefit payments by mail, consider making a switch. Direct deposit eliminates the risk of lost or stolen checks, reduces fraud, and gives people more control over their money," explained Mr. Cadena. Retirees who use direct deposit will continue to receive a printed statement with details about the deposit in the mail every month.



Retired Members can sign up for direct deposit by completing the "Retirees Authorization for Electronic Deposit of Retirement Checks" form, which can be printed out at [www.ocers.org](http://www.ocers.org).

"It's for your protection," Mr. Cadena noted.

Indeed, the National Crime Prevention Council (NCPC) notes that there are additional safety measures that people can take to protect themselves against fraud and identity theft:

- Eliminate paper trails. Some identity thieves "dumpster dive," that is, they rummage through garbage cans and dumpsters searching for discarded bill stubs, cancelled checks, credit card and bank statements. So, tear up your correspondence, or, even better, shred it before throwing it away.
- Protect your personal information. Be extremely cautious of whom you trust with personal information online. Guard your account numbers, Social Security Number and other confidential information. Some thieves "phish" for these numbers by constructing bogus emails, pop-up ads and Web sites that appear to be those of legitimate businesses or agencies. Remember: Legitimate businesses will never ask you to provide nor confirm any personal information through an email or pop-up message.
- Stay alert in public places. Make sure no one is standing behind you when you use an ATM. He or she may use a cell phone with a camera to try to photograph your card number and PIN number. Always shield your card and the screen.

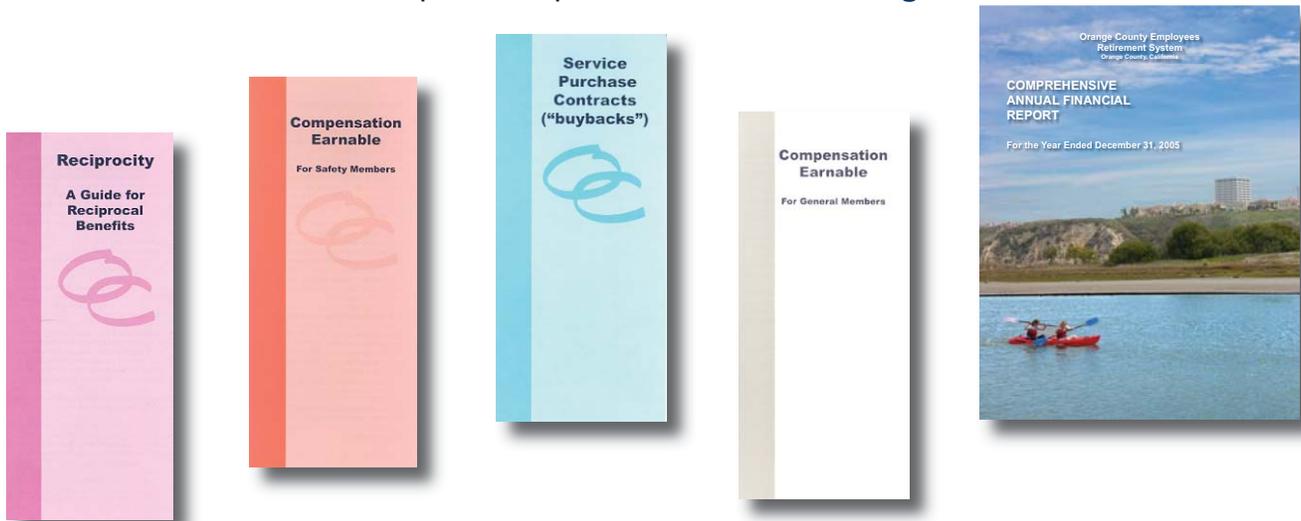
For more information on how to protect yourself from fraud and identity theft, visit the National Crime Prevention Council online at [www.ncpc.org](http://www.ncpc.org).

# Comprehensive Annual Financial Report, brochures and other resources now available online

The 2005 Comprehensive Annual Financial Report (CAFR) is now available to view or print from OCERS' Web site. In addition, copies of the 108-page document are available at OCERS' office in Santa Ana.

Information in the CAFR is designed to provide a complete and accurate review of the year's operations. It contains information about OCERS' investments and investment portfolio, financial statements, contribution rates, funding status and membership for the year ended December 31, 2005.

The CAFR is among the many resources and information available to members at OCERS' Web site. To view the CAFR online, learn about upcoming retirement seminars or download copies of brochures on a number of important topics, visit [www.ocers.org](http://www.ocers.org).



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