

At Your Service

Orange County Employees Retirement System

VOLUME 1 NUMBER 1

NEWS FOR ALL MEMBERS

WINTER 2002

Ready for Retirement

www.ocers.org Features an
Easy-to-Use Benefits Calculator



New Federal Tax Laws Benefit
OCERS Members in 2002

Monetary Muscle:
Register for a Free
OCERS Seminar in 2002



At Your Service



Members of the Board of Retirement

Frank Eley, Chairman
Reed L. Royalty, Vice Chairman
Keith Concannon
Tom Fox
George Jeffries
Tom Lightvoet
John Moorhead
Sharon Neebe
David Thompson

Chief Executive Officer

Keith Bozarth

Chief Operations Officer

James Buck

Chief Financial Officer

Toi Dang

Chief Investment Officer

Farouk Majeed

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

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Board of Retirement Meetings
All meetings held at the OCERS office Board Room, 8:30 a.m.
March 11, 2002
April 15, 2002
May 8, 2002
May 20, 2002
June 17, 2002
July 15, 2002
August 19, 2002
September 16, 2002
October 28, 2002
November 18, 2002
December 16, 2002

Frank Eley Assumes Chairmanship on Board of Retirement; Reed L. Royalty Elected Vice Chairman

Congratulations to Frank Eley, who assumed the Chairmanship of the Board of Retirement for the Orange County Employees Retirement System (OCERS) on Jan. 1, 2002.

As provided by the Board of Retirement's Bylaws, Eley moved from the position of Vice Chairman to Chairman, replacing George W. Jeffries, who had served as Chairman for two consecutive terms (2000 and 2001). A Systems Analyst with the County of Orange, Eley has been a "General Member" on the Board of Retirement since Jan. 1, 1999 and has worked for the County of Orange since June 1982. Eley has been a resident of Tustin since 1972.

At its first meeting of the year, the OCERS Board of Retirement unanimously elected Reed L. Royalty as Vice Chairman on Tuesday, Jan. 22.

Royalty was first selected by the Orange County Board of Supervisors to serve on the Board of Retirement in September 1998, and brings a wealth of experience to OCERS.

Royalty is currently the Owner and President of Reed Royalty Public Affairs, Inc. He has also served as Pacific Bell's Area Vice President-Southern California, and Founding Vice President of AirTouch Cellular. Royalty is a resident of San Juan Capistrano.

For more information on the Board of Retirement, including a schedule of upcoming meetings, visit OCERS' official Web site at www.ocers.org.



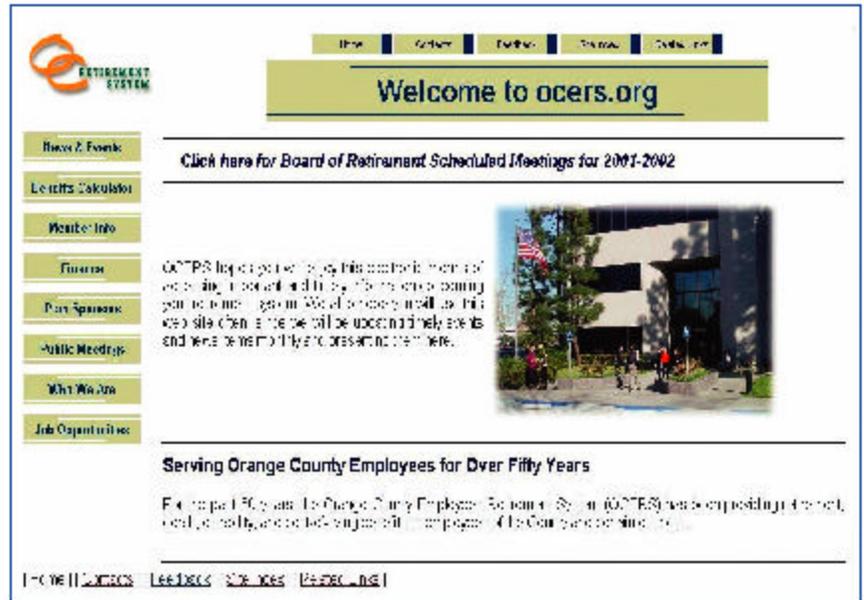
Newly installed OCERS Board of retirement Chairman Frank Eley (from left) with outgoing Chairman George W. Jeffries and new Vice Chairman Reed L. Royalty

Log on at www.ocers.org

The Orange County Employees Retirement System has merged onto the Information Highway with its user-friendly Web site.

Located at www.ocers.org, the newly-refurbished Web site provides a wide range of information and services for anyone with access to the Internet.

"OCERS staff took over complete administration and design of the site in September of 2001," said Jim Buck, Chief Operations Officer of OCERS.



"We will continue to improve the site and provide additional information for our active and deferred members, as well as retirees and Plan Sponsors throughout Orange County." One of the most popular features at the site is the Benefits Calculator, which allows any member to get a fast estimate of their projected retirement allowance based on their current salary, age and years of service. No registration is required and it only takes a few seconds to complete the easy-to-use form.

***"OCERS staff took over complete administration and design of the site in September of 2001,"
said Jim Buck,
Chief Operations Officer of OCERS.***

Other expanded features at www.ocers.org include news about recent or pending legislation that impacts retirement and an official Power of Attorney form for those who want to designate someone to look after their retirement account if they become unable to look after their own needs.

The OCERS Web site has been designed so people using any number of browsers (including both Netscape and Microsoft Internet Explorer) can easily navigate throughout the site's pages and enhanced features.

There is information and photographs of all members of the Board of Retirement, and even a map showing people how to get to OCERS's office.

For more information, visit OCERS' official Web site at www.ocers.org.

New Federal Tax Laws =



As part of the Economic Growth and Tax Relief Reconciliation Act of 2001, there are a number of major changes benefiting OCERS members that went into effect on Jan. 1, 2002.

Several areas of the changes directly benefit OCERS members:



"The new federal tax law provides more options for employees looking at ways to enhance their retirement," said, Stephen Cadena Manager of Member Services at OCERS.

- Members who wish to purchase past OCERS service credit can use any funds in their 457 ("deferred compensation") or 403(b) ("tax-sheltered annuity") plans on a tax-free basis rather than the tax penalties formerly associated with early distribution of 457 or 403(b) funds.

- The maximum benefit that can be received under federal tax laws has been increased from \$140,000 to \$160,000 per year, with cost-of-living increases thereafter in \$5,000 increments.

- In 2002, contributions to IRAs are increased to \$3,000. Individuals, who attain age 50 or older, are permitted to contribute \$3,500 to their IRA.

NOTE: California State law has not yet been revised to align with this federal legislation. We are monitoring state legislative activity and will keep OCERS' official Web site updated as to any progress the State makes towards resolving this issue.

"The new federal tax law provides more options for employees looking at ways to enhance their retirement," said Stephen Cadena, Manager of Member Services at OCERS.

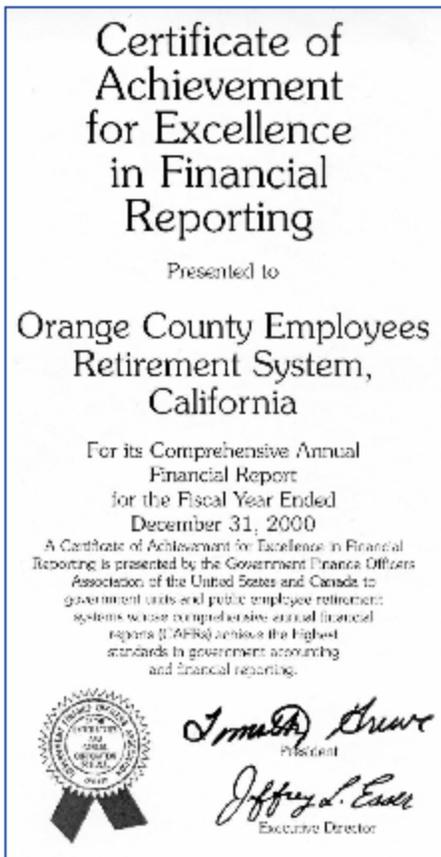
For more information on OCERS, log on at www.ocers.org.

OCERS Awarded Certificate of Achievement for Excellence in Financial Reporting

A Certificate of Achievement for Excellence in Financial Reporting has been awarded to the Orange County Employees Retirement System, with 2000 marking the seventh year in a row that the Government Finance Officers Association of the United States and Canada has presented OCERS the honor.



OCERS Chief Executive Officer Keith Bozarth (left) and Chief Financial Officer Toi Dang with Certificate of Achievement



"The Certificate of Achievement is the highest form of recognition in the area of public employee retirement system (PERS) accounting and financial reporting, and its attainment represents a significant accomplishment," said Toi Dang, OCERS' Chief Financial Officer.

OCERS was presented the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association for its comprehensive annual financial report (CAFR).

The CAFR has been judged by an impartial panel to meet the high standards of the program including demonstrating a constructive "spirit of disclosure" to clearly communicate its financial story and motivate potential users and users groups to read the CAFR.

The Government Finance Officers Association is a nonprofit professional association serving approximately 14,000 government finance professionals with offices in Chicago, Ill. and Washington, D.C.

"The Certificate of Achievement is the highest form of recognition in the area of public employee retirement system (PERS) accounting and financial reporting..."

For more information on the Certificate of Achievement awarded to OCERS, log on at www.ocers.org and click on "Finance."

Financial Strategy Seminars Set to Begin

If you are planning to retire within the next three to 10 years, you should plan to attend one of the following "Financial Strategies for Retirement Planning" seminars held at:

**OCERS Office (Training Room)
2223 E. Wellington Avenue
Santa Ana, CA**

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 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 workshops.

Among the topics covered in the comprehensive three-week 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
- Sources of retirement income
- How to reduce your current income tax

Don't miss out on this valuable information. It's free and will help you prepare for your future. The seminars are free, but reservations are required.

For more information on upcoming Financial Strategies for Retirement Planning Seminars, log on at www.ocers.org and click on "News & Events."

To make your reservation to attend this seminar, please contact Susan Spietz at (714) 569-4834, ext. 4834, or through OCERS' toll-free number at (888) 570-6277, ext. 4834.

SCHEDULED DATES:

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

Dates are as follows:

First Workshop

*Wednesdays
March 6, 13 and 20, 2002
6-9:30 p.m.*

Second Workshop

*Wednesdays
April 3, 10 and 17, 2002
6-9:30 p.m.*

Third Workshop

*Wednesdays
May 1, 8 and 15, 2002
6-9:30 p.m.*

Fourth Workshop

*Wednesdays
June 5, 12 and 19, 2002
6-9:30 p.m.*

***Don't miss out on this valuable information.
It's free and will help you prepare for your future.***

Getting Ready to Retire? Pre-Retirement Planning Seminars are Offered by OCERS



When it comes to retirement planning, it's never too early – or too late – to get started.

So even if you're only a few months away from retirement, it's important to attend a Pre-Retirement Planning Seminar offered by OCERS.

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

The Pre-Retirement Planning Seminar is held twice a month at OCERS' office, 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 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 how much compensation you will receive
- Reciprocal benefits for employees who have worked for two or more retirement systems
- How divorce can impact your retirement
- How to determine compensation for your beneficiaries
- When should a new retiree expect their first retirement check?
- How to schedule an appointment with an OCERS Retirement Program Specialist

Don't miss out on this valuable information. It's free and will help you prepare for your future. The seminars are free, but reservations are required.

For more information on upcoming Pre-Retirement Planning seminars, log on at www.ocers.org. To make your reservations to attend this seminar, please contact Susan Spietz at OCERS, (714) 569-4834 or through OCERS' toll-free number at (888) 570-6277, ext. 4834. from 8am to 1pm.

SCHEDULED DATES:

These one-session seminars will be held from 8am to 1pm.

Dates are as follows:

First Workshop

*Wednesday
March 6 and 20, 2002*

Second Workshop

*Wednesday
April 3 and 17, 2002*

Third Workshop

*Wednesday
May 1 and 15, 2002*

Fourth Workshop

*Wednesday
June 5 and 19, 2002*

Tier 1 Employees Can Apply Unused Sick Time to Increase Final Average Salary

There is good news for Tier 1 (hired before July 15, 1977) County of Orange employees who have accumulated more than 280 hours of sick time at the time of their retirement.

As many as 96 hours can be included as part of a retiring employee's "Compensation Earnable," also referred to as "Final Average Monthly Salary."

For example, an employee with 376 hours of sick time would qualify to use all 96 hours, whereas an employee with 281 hours could only utilize 1 additional hour.

"Or, if they cash out sick time in their elected one-year measuring period, OCERS will consider 'cash out' up to 96 hours," explained Debra Velick, Retirement Program Supervisor at OCERS.

The simple formula of how sick time can be used to increase your Final Average Monthly Salary is to multiply the number of sick time hours by your hourly wage. Then take that number and divide by 12.

Here are two in-depth examples of those who could use a portion of their accumulated sick time toward increasing their "Final Average Salary":

Member A was hired in March 1969 and retires in March 2002 with 33 years of service, making \$5,568 monthly his final year working for the County. He has 580 hours of unused sick time on the books. During the measuring time (in this case, the final 12 months of his employment), he earns \$32 an hour. $\$32 \times 96 = \$3,072$. Dividing \$3,072 by 12 (the number of months in a year), \$256 will be added to the existing retirement formula used to calculate the employee's lifetime retirement benefit.

Without using the sick time, Member A would receive approximately \$3,252 every month. Using the additional sick time, Member A would receive approximately \$3,402 – an increase of \$150 a month.

Member B was hired July 1, 1977 and will retire March 31, 2002. Although Member B only has 210 hours of sick time on the books at the time of retirement, she began her measuring year on April 1, 2001 with 500 hours on the books. In April 2001, she cashed out 96 hours, which reduced her total to 404 – still well above the 280 hours of sick time necessary to qualify for the program.

And even though throughout her final year of employment she had to use hundreds of additional hours of sick time, she will still be able to use those 96 hours of sick time she sold to calculate into her Final Average Monthly Salary.

For more information, visit OCERS official Web site at www.ocers.org and click on the Benefits Calculator, or call OCERS toll-free at (888) 570-6277.



Investment Review: OCERS Weathers Economic Swings

The U.S. economy slowed down in 2001 after almost 10 years of sustained growth. In fact, the gross domestic product declined by 1.1 percent in the third quarter according to preliminary data.

The global economic slowdown has caused big declines in stock markets throughout the world. The U.S. equity market as represented by the Russell 3000 index had a -20.78 percent return year as of September 2001. The international equity markets declined by 26.08 percent in the same period.

The global economic slowdown has caused big declines in stock markets throughout the world.

Bonds had a positive return of 8.38 percent in this period. The OCERS total fund return for the year to date 2001 period was -8.11 percent. The effect of the steep declines in the equity markets in 2000 and 2001 on the total fund return has been quite drastic. Rolling three year annualized returns fell from 15.16 percent as of Dec. 31, 1999 to 6.08 percent as of Sept. 30, 2001. Over the same period, the rolling five-year return fell from 16.35 percent to 8.66 percent. Despite market declines, the five-year total fund return is still above the 8 percent actuarial interest rate target.

The five-year return ranked in the 36th percentile (better than 64 percent of funds) in a peer group of public funds. With the prospect of economic recovery in mid-2002, there is reason to believe that the markets can only go higher from the September 2001 levels.

In sum, the OCERS Board of Retirement's diversified asset allocation has weathered the recent declines very well, with OCERS' returns still above the 8 percent target over five years and longer periods.



'Direct Deposit' is the Fastest and Safest Way to Get Retirees Their Monthly Check

The Orange County Employees Retirement System is committed to ensuring that all retirees receive their monthly check as quickly as possible.

Electronic Fund Transfer – also known as "Direct Deposit" or "Automatic Deposit" – provides retirees with the fastest delivery of their monthly retirement check.

For those who move frequently or find it difficult to get to the bank, they may find Direct Deposit to be a convenient way to make sure that their monthly check gets deposited. Indeed, by mail it can take more than a week to get your check.



In addition, Direct Deposit is a sure way to avoid the risk of a retirement check being stolen or lost in the mail.

"It is always a good idea to use Direct Deposit. It's fast, safe and avoids any risk or having your check stolen"

Consider these reasons for having your OCERS retirement check deposited electronically right into your bank account:

- It is the fastest method of getting your money to you; the money is available on the first business day of the month subject to a bank's posting policy.
- As part of "Tips to Reduce Mail Theft," the United States Postal Service recommends that employees have their regular income checks deposited electronically right into their bank account via Direct Deposit.
- All retirees with Direct Deposit will receive a monthly automatic deposit receipt, showing the amount of money deposited and any deductions.
- Approximately 90 percent of OCERS retirees now receive their monthly retirement check via Direct Deposit.

"It is always a good idea to use Direct Deposit. It's fast, safe and avoids any risk of having your check stolen," said Jim Buck, Chief Operations Officer of OCERS.

For more information, visit OCERS' official Web site at www.ocers.org or call OCERS toll-free at (888) 570-6277.



Retired Employees Association of Orange County, Inc.

Please complete and send to:
REAO
P.O. Box 3266
Huntington Beach, CA 92605

To: The Retired Employees Association of Orange County

- I would like to join The Retired Employees Association of Orange County (REAO).
- I authorize the Orange County Employees Retirement System (OCERS) to forward further address changes to REAO as well as any change in my retirement status.
- I authorize the Orange County Employees Retirement System (OCERS) to withhold 50 cents per month from my retirement check for REA association dues.

Name: _____

Address: _____

Phone: _____ Former Dept./Dist.: _____

Social Security Number: _____

E-Mail: _____

Retiree Regular Member Surviving Spouse Associate Member

Signature: _____ Date: _____

Congratulations on your decision to join The Retired Employees Association of Orange County. If you will complete the following information the next issue of The Informer will share this news with your retired friends. Please use another page if needed.

Number of years worked: _____ Position: _____

Retirement Plans: _____

Poll Workers Needed for Election Day

County of Orange employees are being asked to help work at polling places on Election Day. In January 2002, the Board of Supervisors approved a plan that allows County employees to volunteer during work hours to work at polling places.

"County employees will be a great asset," said Rosalyn Lever, County Registrar of Voters. "But even with these new resources, the student poll worker program and our dedicated group of returning poll workers, the need to recruit new poll workers is great."



Twice a year, in even-numbered years, Orange County conducts major countywide elections. This involves establishing about 1,700 polling places and staffing them with 7,000 volunteers. These volunteers give of their time (from 12 to 14 hours on Election Day) to ensure that all eligible County citizens are able to exercise their constitutional right to vote.

A full staff of volunteers is needed so that polling places will open on time with courteous poll workers trained to assist voters and answer their questions. Filling last-minute vacancies is difficult, however. And the problem is compounded when cancellations come for much-needed bilingual poll positions.

Poll workers must be United States citizens, 18 year of age or older on or before Election Day and be able to read and speak English. They also must be able to work from 6:30 a.m. to 9:30 p.m. on Election Day.

This year's poll worker recruitment theme is "P.S. ...Work the Polls."

For information on volunteering as a poll worker, call the Registrar of Voters at (714) 567-7580.

Orange County Employees Retirement System
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