

# At Your Service

Orange County Employees Retirement System

Volume 9 Number 2 Magazine for all Members April 2010



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

January 19, 2010	February 16, 2010
March 22, 2010	April 19, 2010
May 24, 2010	June 21, 2010
July 19, 2010	August 23, 2010
October 18, 2010	November 22, 2010
	December 20, 2010

# COLA 2010 Update

With consumer prices in the Los Angeles-Orange County area down over the last year, a -1.0 percent Cost of Living Adjustment (COLA) for 2010 was recently approved by the Board of Retirement as mandated by law. Because the annual cost of living change is negative, OCERS will draw from the "COLA bank" first and then adjust the retirement or survivor allowance by any amount left over.

Since most OCERS Retirees have more than 1.0 percent in their "COLA bank," they will either see no change to their monthly allowance or actually see an increase in the amount that they receive beginning in May.

If you are a Payee that does not have at least 1% in your "COLA bank" (and that would only be members who retired between April 2, 2008 and April 1, 2009) you will see a reduction in your monthly benefit amount (but not below the original amount granted at retirement) beginning in May. OCERS' Member Services Department will soon be mailing out a personalized letter with more specific information about how your monthly allowance will be impacted.

Here is a simple example of the negative COLA calculation:

Mary retired on April 15, 2005. As of Dec. 1, 2009, Mary received \$1,000 a month in retirement benefits and has a "COLA bank" of 4%. Effective April 1, 2010, OCERS will:

- Subtract the -1% for 2010 from Mary's "COLA bank," leaving a balance of 3%
- Then grant a 3% COLA to Mary (the maximum allowed each year) drawing from her remaining "COLA bank" balance. Mary's monthly retirement benefit is increased to \$1,030 (her \$1,000 +3% COLA). Her "COLA bank" balance is now 0%.

For more information on the COLA and "COLA bank," please log on at [www.ocers.org](http://www.ocers.org).

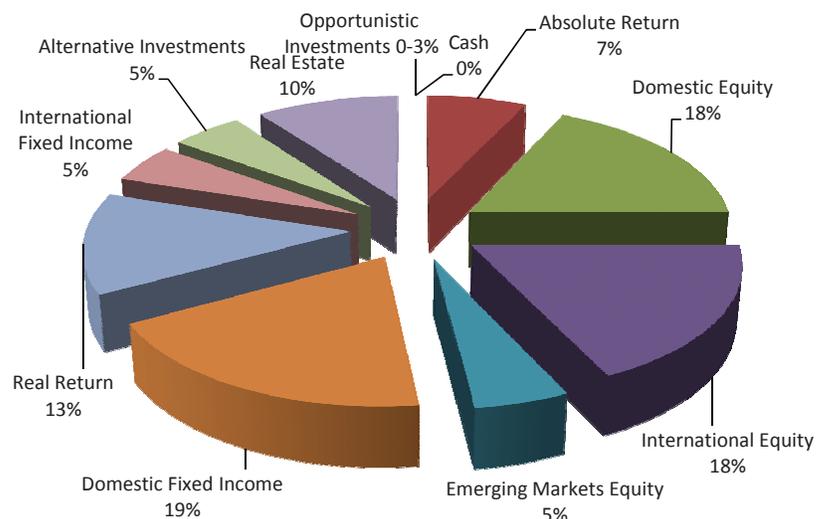
# Despite challenges, OCERS' Fund enjoys solid 2009

**By Shanta Chary, Chief Investment Officer**

By the end of 2008, we saw a meltdown in the credit markets, the demise of the traditional investment banking model, and an economic collapse not seen since the 1930s. The issues and problems were no longer Wall Street's alone, but at the center of Main Street. Policy makers acknowledged extreme measures were required globally to avert Depression 2.0. Massive fiscal stimulus and extraordinary steps by the Federal Reserve including quantitative easing (purchasing government and other securities from the market to increase money supply) helped to put the brakes on the downward spiral and provide much-needed liquidity.

Against this backdrop, OCERS' Fund was up 18.52 percent for calendar year 2009. The returns were respectable in a year when the S&P 500 Index was up 26.47 percent and the Barclays Capital Aggregate Index was up 5.93 percent.

During the year, OCERS' U.S. equity composite delivered a return of 29.71 percent versus the Russell 3000 return of 28.34 percent with both small and large capitalization stocks delivering strong returns. The international equity composite was up 39.92 percent relative to the MSCI All Country World ex U.S. Index delivering a 42.14 percent for the year. The emerging equity markets composite posted a return of 89.66 percent. The U.S. fixed income composite delivered a 17.73 percent return. The only two asset classes that experienced negative returns were alternatives (-8.65 percent) and real estate (-18.94 percent).



During the year, OCERS completed an Asset Liability Review and adopted an asset allocation policy that resulted in a reduction in non-U.S. fixed income and a corresponding increase to real return strategies. The Board of Retirement also approved the ranges around the policy benchmark for various asset classes and adopted a rebalancing policy as well.

New assets were acquired in the timber portfolio to achieve the real return allocation targets set by the Retirement Board. Private equity and real estate commitments were kept at pace to achieve policy targets. The Board terminated Aberdeen Asset Management (domestic fixed income) and Capital Guardian (domestic equity) for reasons relating to underperformance.

The broadly diversified asset allocation policy adopted by the Board with a low risk profile not only helped to limit losses in the challenging environment of 2008 but also delivered double-digit returns in 2009 as the markets made a comeback.

# Financial Strategy Seminars help prepare for retirement

If you are planning to retire within the next 3 to 30 years, you should plan to attend a free Financial Strategies for Retirement Planning Seminar.

Financial Strategies Seminars are held at:

**OCERS (Training Room)**  
**2223 E. Wellington Avenue, Suite 100**  
**Santa Ana, CA 92701-3161**

The Financial Strategies for Retirement Planning Seminar consists of a three-session workshop. Each meeting will cover important topics for successful planning. The third meeting concentrates on information from an OCERS representative. Individuals and couples are welcome to attend. 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. Some of them are:

- 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
- Benefit calculations, and how to apply for your retirement benefits from OCERS online
- How to determine your future OCERS benefit

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 Robert Kinsler at (714) 558-6230.

## 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 7, 14 and 28, 2010

6 – 9:30 p.m.

#### Workshop

Wednesdays

May 5, 12 and 19, 2010

6 – 9:30 p.m.

#### Workshop

Wednesdays

June 2, 9 and 16, 2010

6 – 9:30 p.m.

#### Workshop

Wednesdays

July 7, 14 and 21, 2010

6 – 9:30 p.m.

# What do I do if my employment is terminated?

On occasion OCERS is contacted by members who have terminated their employment or who are concerned that they may be laid-off. A common misconception held by many of these employees is that losing one's job means that they also lose their rights to the retirement benefits provided by OCERS.

The truth is that a termination from OCERS-covered employment **may not** mean that you lose your rights to receiving a retirement allowance from OCERS. However, your options - should voluntary or involuntary termination take place - are determined by your age and years of service with OCERS at the time of termination. If you are an active OCERS member and get fired or laid-off from your job (or if you voluntarily decide to terminate employment) here is a brief summary of the options that are available to you:

## **If you meet the minimum qualifications for service retirement, you can retire.**

You are eligible to retire if you:

- are at least age 50 with at least 10 years of retirement service credit, or
- have at least 30 years of retirement service (General members) or at least 20 years of retirement service (Safety members) and are any age, or
- are at least age 70 with any length of retirement service credit

**You may be able to withdraw your funds.** A withdrawal can be taken in the form of cash (lump sum withdrawals are subject to taxation and may also be subject to federal / state early withdrawal penalties); or you can choose to “roll over” your funds into another qualified retirement account. No taxes will be withheld if you choose the “roll over” option. A third option is to take a portion of your account in cash and rollover the remainder. **Please note:** if you begin employment with another public agency in California that is reciprocal with OCERS within 180 days of discontinuing membership in OCERS, you cannot withdraw your funds while you are a member of that other retirement system.

**You can “defer” your service retirement to a later date.** If you are not service retirement eligible, you have the option of leaving your retirement funds on deposit with OCERS and retiring at a later date. There are various eligibility requirements for deferred retirement depending on a member's age and years of service when their employment is terminated. If you defer, your contributions will remain on deposit and continue to earn interest.

**You can establish “reciprocity” with another employer.** If you find work with an employer covered by a retirement plan that has a reciprocal agreement with OCERS, and do so within six months (180 days) of your termination from active OCERS membership and have not withdrawn your contributions, reciprocity will be established between OCERS and your new retirement plan.

It is important for all of our plan members to understand that the loss of your job - whether by your own decision or a decision made by someone else - does not mean a loss of earned retirement benefits. Should you face a potential loss of employment, please feel free to contact the OCERS office to speak with a Retirement Program Specialist so we can help you make the most informed decision possible. For more information on your options after termination, visit [www.ocers.org/member\\_active/termoptions.htm](http://www.ocers.org/member_active/termoptions.htm).

## Justin Cervantes' Marine Corps service honored

Although Justin Cervantes has worked for the County of Orange since 1999, it may well be his experiences serving the United States in far-off nations such as Denmark, Poland, Japan, Ukraine and Iraq that has given him a deep appreciation for his position as an Accounting Technician in OCERS' Accounting Department.



"I joined the Marine Corps in April 2003," said Justin, who worked for the Social Services Agency before coming to OCERS in 2006. He enlisted in the Marine Corps along with fellow County employee Primo Danielsen. In addition, Cervantes ultimately served in the same company as Timothy Estes, who was also a section leader and sergeant in Iraq. Estes is a full-time member of the Orange County Sheriff's Department.

"The reason we joined was patriotism, to do our part to serve our nation and we wanted to get some good survival skills."

After enlistment, Justin went to boot camp at Marine Corps Recruit Depot (MCRD) in San Diego for 13 weeks and the Marine Corps School of Infantry (West) for eight weeks. Because Justin joined as a reservist, he could continue to work for the County. As a member of the Reserve, he went to Japan for three weeks in 2004 (he spent one "day off" successfully climbing to the top of 12,388-foot Mt. Fuji), to Denmark (*see photo above*) and Poland as part of Baltic Operations training in 2005, and to Northern California to complete training in the Sierra Nevada Mountains in 2006. In 2007, he was part of a NATO exercise known as Sea Breeze and was sent to South



Ukraine and Crimea (located on the northern coast of the Black Sea) to serve as an instructor and work with troops from Georgia, Macedonia, Moldova and other nations.

“In ‘08, we ended up preparing for deployment,” Justin recalled. “Our training for deployment began in late August. The ‘work-up’ was seven months long before my deployment.”

In September 2008, Justin was honored by OCERS’ Board of Retirement and executive staff (see photo on page 6).



Justin spent a day and a half in Kuwait (the cover photo of this issue shows Justin in Kuwait) before heading to his first assignment in Al Tash, located outside of Ramadi, Iraq. “I was a Section Leader leading patrols with anywhere from 17 to 50 Marines. Navy personnel and Iraqi Police. I was in charge of security. I was leading patrols, looking for weapons caches, looking for wanted enemy combatants, maintaining stability and also winning the hearts and minds of people,” Justin explained of his role beginning in late March 2009.

On June 30, 2009, he was moved to Camp Ramadi. “Our mission switched from running patrols to being a quick reaction force (QRF). I left (Iraq) in August 2009. In September, I went to Arizona for two months as a tactical safety officer for helicopter supported live fire exercises.”

In November 2009, Justin returned to Orange County and did some administrative duties including helping out with the Toys for Tots program at the Joint Forces Training Base, Los Alamitos. At the completion of his service in the Marine Corps, he returned to his job at OCERS on Jan. 22, and was honored during a “safe return from duty” luncheon on Feb. 2, 2010. He was also honored and welcomed back to OCERS by the Board of Retirement on Feb. 16.

“I definitely received life lessons I’ll always remember,” Justin said. “I’d do it again if given the opportunity.”

*Photo of Justin on right was taken outside of Al Tash, Ramadie, Iraq facing the Euphrates River.*



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## Pre-Retirement Planning Seminars are coming

While it's easy to live for today, moving into retirement requires plenty of advance planning. OCERS is offering Pre-Retirement Seminars throughout 2010 to help you gather information you'll need to meet your retirement goals. The few hours you spend at the seminar can have a beneficial and long-lasting impact on your quality of life after you retire. Anyone who is within three years of their retirement date should plan on taking this seminar.



These daytime seminars will be held at OCERS, 2223 E. Wellington Ave., Ste. 100, Santa Ana, from **8 a.m. to 1 p.m. on April 7 and 21; May 5 and 19; June 2 and 16 and July 7 and 21, 2010.** The one-session, five-hour seminar is free, and there is plenty of free on-site parking for those attending.

Various topics will be covered. A Social Security representative will discuss Social Security and Medicare benefits; a representative from "Deferred Compensation" will discuss the County's 457 plan; a representative from Retiree Medical will discuss the County's retiree medical benefit options; and an OCERS Retirement Specialist will focus on your OCERS retirement benefits.

No advance registration is necessary and this information will help prepare you for the move into retirement. Members are welcome to take this seminar as often as they like.

For more information, please log on at [www.ocers.org](http://www.ocers.org) and click on "Retirement Seminars."