

# Quarterly Review

Fall 2010

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## Our Members...Defined

SBCERA serves 19 different employers and more than 32,000 members. SBCERA's membership can be divided in many ways, and often, some of our members may fall into one or more of these categories. Do you know what categories you fall under?

**Active Member** - A member who is currently working for an SBCERA employer and participating in SBCERA membership. Active members can be vested or non-vested. Members are considered vested, or eligible to receive a future benefit, after achieving five years of service credit.

**Deferred Vested Member** - A member who has earned at least five years of service credit and who is no longer employed by an SBCERA employer or participating as an SBCERA member. They have left their contributions "on deposit" with SBCERA and elected to retire at a later date when they are eligible and ready to begin drawing their retirement benefit.

**Deferred Reciprocal Member** - A member who is no longer employed by an SBCERA employer, has elected to defer their retirement and entered employment with another public agency in California within 180 days of termination. Reciprocity allows members to link their SBCERA membership with a new employer's reciprocal defined benefit plan.

**Retired Member** - A member who has retired from their SBCERA employer and is earning their monthly lifetime service or disability retirement benefit.

**Beneficiary** - A member who is receiving a monthly continuance from a deceased active or retired member of SBCERA.

**Safety Member** - A member that is or was employed in active law enforcement or active fire suppression.

**General Member** - A member that is or was employed in service other than active law enforcement or active fire suppression.



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# CAST YOUR VOTE BY DEC. 7TH



## NEWS FLASH

### SBCERA BOARD ELECTION – CAST YOUR VOTE BY DEC. 7TH

The Board of Retirement Election is well underway. This December, SBCERA Members will have the chance to vote to fill three seats on the Board of Retirement: **General Member Trustee, Retired Member Trustee, Alternate Retired Member Trustee** (new seat). General Members will vote for the General Member Trustee, while Retired Members will vote to fill the Retired and Alternate Retired Member Trustee seats.

Watch for your ballot in the mail. All Board elections are conducted by the Registrar of Voters. Each Trustee serves a three-year term. **For more information, please contact the Registrar of Voters at (909) 387-8300.**



### SBCERA EARNS FINANCIAL DISTINCTION

SBCERA was awarded its 13th consecutive Certificate of Achievement in Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for its 2008-2009 "Service at its Best" Comprehensive Annual Financial Report (CAFR).

The Certificate of Achievement is awarded each year by the GFOA to those governmental entities who produce the highest quality financial reports that uphold and comply with all governmental accounting standards. SBCERA has been awarded the Certificate of Achievement every year since 1997.

Each year, SBCERA looks for ways to further improve its CAFR to meet and exceed all industry standards. The CAFR provides a detailed summary of all financial activities for the fiscal year in an easy-to-read format for its Members and Plan Sponsors. The next CAFR will be released in early 2011.

### OUTSTANDING SERVICE IS OUR TOP PRIORITY

SBCERA is dedicated to providing our members the best service possible. To find out how we are doing, SBCERA recently launched a new series of Member Satisfaction Surveys.

Purchases, One-on-One Consultations, Terminations and Refunds, Service Retirements and Disability Retirements. We greatly value your feedback. Should you receive a survey in the mail, SBCERA encourages you to take a moment or two to tell us about the service you received.

SBCERA would like to thank those members who have already participated in these surveys. We look forward to using your input to find more ways to improve our service.




# GO DIGITAL!

Free up space in your mailbox by receiving your newsletter in your inbox. When you sign up to receive your SBCERA Quarterly Review via email, SBCERA will stop mailing your newsletter and start delivering a digital version to your inbox. Subscribe at the bottom of our homepage at [www.SBCERA.org](http://www.SBCERA.org).

# Second Quarter 2010 Performance Review

— by Donald Pierce, CFA  
SBCERA Investment Officer



The second quarter of 2010 began with optimism; the stock market peaked in late April, and then fell off rapidly as European sovereign debt concerns hit the market in May 2010. In the second quarter alone, the S&P 500 had fallen -11.43%. SBCERA weathered this situation well since the portfolio had been positioned to take a longer view and has been invested in income focused assets.

Year-to-date through June 2010 the total portfolio has significantly exceeded its policy benchmark. Total assets at the end of June 2010 were valued at approximately \$5 billion recording a loss of -0.78% for the calendar year, resulting in a loss of \$39.6 million. For the Fiscal Year End 2009-2010, the portfolio had gained 7.9% or \$363.7 million.

By strategically holding a combination of asset classes, the SBCERA portfolio diversifies risk and potentially lowers volatility. The Board continues to adhere to a disciplined investment process seeking to meet or exceed the policy benchmark and the actuarial assumed rate of return.

## Retirement 101: Termination Options for Non-Vested Members

Our career paths are unpredictable. Therefore, we offer several options for your retirement account should you terminate your employment for any reason. The options available to our Non-Vested Members vary depending on what type of employee contributions you have selected (i.e. refundable or non-refundable).

If you have **less than five years of service credit**, you are considered non-vested. Upon termination of your employment, you will be eligible to select from the following options:

- **A Refund of Refundable Contributions:** You may choose to “cash-out” any **refundable** contributions and interest in your retirement account. Any non-refundable contributions in your retirement account **cannot** be refunded upon termination. Selecting a refund of your contributions will end your membership with SBCERA and terminate any future claims for retirement benefits, including disability benefits.

**Note:** Refunds are subject to taxes as personal income. Therefore, 20% will be withheld in Federal income taxes. In addition, you may request to withhold an additional 2% for state taxes.

- **A Rollover of Refundable Contributions:** You can request to rollover all or a portion of your **refundable** contributions into another qualified

retirement plan, such as an IRA. With a partial rollover, you can select how much you wish to rollover and have the remaining funds refunded to you.

**Note:** Federal income taxes will not be withheld on contributions rolled over to a qualified retirement plan. If you choose a partial rollover, a withholding will be made on any contributions refunded to you.

- **Leave Funds On Deposit:** You can choose to leave your **refundable** contributions “on deposit” with SBCERA and continue to earn interest. Currently, the interest rate is based on the six-month Treasury bill (T-bill) rate.

**Note:** You may still request to refund or rollover your accumulated refundable contributions and interest at any time.

- **Deferred Retirement with Reciprocity:** If you are reemployed by another public agency in California within 180 days of your termination, you may be eligible to establish reciprocity. Reciprocity allows you to link multiple public pension plans together. By doing so, you can use your years of service credit to meet vesting and eligibility requirements of other reciprocal systems. In addition, your contribution rate at your new system may be based on your entry age with the first system and your highest average final compensation may be used by all systems

to calculate your benefit amount upon retirement. To establish reciprocity, you must leave your contributions on deposit with SBCERA and you cannot work and earn service from both systems at the same time. There must be a clear break in service from SBCERA before entering a new system. Upon establishing reciprocity, you can no longer withdraw funds from SBCERA while you are still a member of the reciprocal agency and you will be required to retire concurrently from both (or all) systems on the same date.

**Note:** If you only have non-refundable contributions in your retirement account, your only option upon termination will be to defer retirement with reciprocity. If you are unable to get reemployed by a reciprocal system or SBCERA within 180 days, you will forfeit your non-refundable contributions.

**If you are vested and have more than five years of service credit**, additional options will be available to you. Watch for our next Retirement 101 for more details.

Should you terminate your employment for any reason, please contact SBCERA to learn more about your options and to request the forms you will need to select the option that works best for you. The forms are also available on our website, [www.SBCERA.org](http://www.SBCERA.org).



## Taking a Stance by Putting Our Members First

Recently, SBCERA has come under attack by the media for our refusal to release personal and confidential information about our members.

In August, SBCERA received a Public Records Act (PRA) request from a local media outlet for the following member records: "the names, monthly payment, annual payment, job title, government agency and department for all individuals receiving at least \$90,000 in annual retirement benefits..." Various news articles followed on this matter questioning our ability to be open and transparent.

At SBCERA, our members come first. We are dedicated to preserving their confidence and trust. Therefore, after careful deliberation, our Board of Retirement unanimously voted and released the benefit amounts of all members, but did not release their names.

Unlike CalPERS, which is required by statute to release such information, member records of our association are by statute deemed confidential and may not be disclosed except by order of a court or upon member approval. Our Board is bound to act in the best interest of our members and such disclosure could lead to a breach of their fiduciary duty.

Information about payments to individual retirees and beneficiaries reveals very little about what has been contributed by a public employer, or the employer's actual salary expenditures. Many events and fac-

tors determine a member's gross pension amount under such plans, not just salary levels or the amounts contributed by an employer to the retirement fund.

Prying into matters such as this can constitute an unwarranted invasion of personal privacy. There is a strong public interest in public employees contribut-

ing to their own financial well-being for retirement. That interest is not served by attempting to publicly scrutinize these individual decisions, nor is it in the public's interest to know this personal information. It is our belief that the public interest in accessing this information is not as strong as the public interest in preserving the confidentiality of the records to continue encouraging our members to make wise financial decisions in preparation for retirement.

In response to our denial to release the names of these individuals, the newspaper has filed a lawsuit to release such information. Upon a court decision, we will be sure to notify our retirees and beneficiaries about the decision and how it may impact them.

In conclusion, at SBCERA we must act in the best interest of those we serve - our members. In this situation, we believe it is in the best interest of our members to maintain the confidentiality of their personal records and we intend to do all we can to maintain their privacy.



Timothy B. Barrett, CFA  
Executive Director/CIO

## Special Announcement

October 15, 2010 marked my last day as SBCERA's Executive Director/Chief Investment Officer. After careful consideration, I decided to embark on a new opportunity across the country. It has truly been an honor to serve SBCERA and its members for the last 14 years.

A special heartfelt thanks to all of SBCERA's staff members, whose hard work and dedication continue to make this pension plan one of the best in the state. It has been a pleasure to work with you; I am grateful for your continued commitment to this organization and its members.

I assure all of our members and beneficiaries that SBCERA and its pension fund remain safe and secure. The Board of Retirement has already begun its efforts to find my replacements. I thank the Board for the opportunity to serve SBCERA and I look forward to hearing about the success of this organization in the years to come.

# Payee Perspective

News and updates for SBCERA retirees and beneficiaries

## Upcoming Pay Dates

October 29th

November 30th

December 29th

Have any story ideas?

Email us at [communications@sbcera.org](mailto:communications@sbcera.org),  
or call (909) 885-7980 ext. 329.



## Retiree Open Enrollment Coming Soon

This year's Retiree Open Enrollment will begin on November 1, 2010 and end on November 30, 2010. During this time, you can: learn about retiree benefit changes and/or additions; enroll in or change your medical plan; enroll in or change your dental plan; and add or delete eligible dependents.

Attend a Retiree Open Enrollment meeting hosted by the San Bernardino County Employee Benefits & Services Division (EBS). Below is a list of the upcoming meeting dates and locations:

### Nov. 1: Rialto

Dept. of Behavioral Health  
850 E. Foothill Blvd., Room F120  
Non-Medicare Meeting 9:00 a.m. to 10:15 a.m.  
Medicare Meeting 10:30 a.m. to 11:45 a.m.

### Nov. 3: San Bernardino

County Government Center  
385 N. Arrowhead Ave., Joshua Room  
Non-Medicare Meeting 8:00 a.m. to 9:00 a.m.  
11:15 a.m. to 12:15 p.m.  
Medicare Meeting 9:15 a.m. to 10:15 a.m.  
12:30 p.m. to 1:30 p.m.

### Nov. 9: Redlands

TAD  
881 W. Redlands Boulevard, 2<sup>nd</sup> Floor Conf. Rm  
Non-Medicare Meeting 9:00 a.m. to 10:15 a.m.  
Medicare Meeting 10:30 a.m. to 11:45 a.m.

### Nov. 15: San Bernardino

County Government Center  
385 N. Arrowhead Ave, Joshua Room  
Non-Medicare Meeting 5:30 p.m. to 6:45 p.m.  
Medicare Meeting 7:00 p.m. to 8:15 p.m.

### Nov. 16: Rancho Cucamonga

Dept. of Aging & Adult Services  
9445 Fairway View Place Suite 110, Haven Room  
Non-Medicare Meeting 9:00 a.m. to 10:15 a.m.  
Medicare Meeting 10:30 a.m. to 11:45 a.m.

### Nov. 18: Victorville

Children and Family Services  
15480 Ramona Ave., Conference Room 3  
Non-Medicare Meeting 10:00 a.m. to 11:15 a.m.  
Medicare Meeting 11:30 a.m. to 12:45 p.m.

### Nov. 19: San Bernardino

General Services Building  
777 E. Rialto Ave., Large Conference Room  
Non-Medicare Meeting 1:30 p.m. to 2:45 p.m.  
Medicare Meeting 3:00 p.m. to 4:15 p.m.

For more information, visit [www.sbcounty.gov/hr/Benefits\\_Retire.aspx](http://www.sbcounty.gov/hr/Benefits_Retire.aspx) or call EBSD at (909) 387-5787.

# IMPORTANT DATES AND EVENTS

## Holiday Schedule

With the holiday season upon us, SBCERA wishes you and yours a wonderful holiday season and a very happy new year. In honor of the holidays, SBCERA will be closed on the following dates:

**Veterans Day** . . . . . **November 11, 2010**  
**Thanksgiving** . . . . . **November 25 - 26, 2010**  
**Christmas** . . . . . **December 23 - 24, 2010**  
**New Year** . . . . . **December 30 - 31, 2010**

Regular office hours are Monday - Friday from **8:00 a.m. to 5:00 p.m.**

## Retirement Planning Seminars

SBCERA's last Mid-Career Seminar of the year will take place on:

**October 28, 2010**

The Mid-Career Seminars are held on the last Thursday of each month from 5:15 to 7:00 p.m. in the SBCERA Board Chambers located on the 1st floor of 348 W. Hospitality Lane in San Bernardino. Seating is limited. To reserve a seat, call (909) 885-7980 or email us at [communications@sbcera.org](mailto:communications@sbcera.org).



This year's Pre-Retirement Seminars are well underway and will come to an end soon. Don't miss the last remaining seminars to be held on the following dates at these locations:

Date	Time	Location
<b>Nov. 2, 2010</b>	8:30 a.m. to 11:45 a.m. 1:30 p.m. to 4:45 p.m.	<b>Sheriff's Headquarters</b> 655 East Third Street San Bernardino, CA 92415
<b>Nov. 3, 2010</b>	8:30 a.m. to 11:45 a.m.  1:30 p.m. to 4:45 p.m.	<b>Fontana TAD</b> 7977 Sierra Avenue Fontana, CA 92336  <b>Ontario TAD</b> 1627 East Holt Boulevard Ontario, CA 91761

All Pre-Retirement seminars are first come, first served. No RSVP is required. For more information, visit [www.SBCERA.org](http://www.SBCERA.org) or contact us at [communications@sbcera.org](mailto:communications@sbcera.org).

## Board of Retirement Meetings

SBCERA Board meetings are held in the Board Chambers on the first Thursday of every month at 9:00 a.m. All meetings are open to the public.

**November 4, 2010      December 2, 2010      January 6, 2011**



**Visit:** [www.SBCERA.org](http://www.SBCERA.org)  
**Call:** (909) 885-7980 / Toll Free: (877) 722-3721 or (877) SBCERA-1  
**Email:** [communications@sbcera.org](mailto:communications@sbcera.org)

Communications Officer.  
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### Board of Retirement

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