

Quotes to remember:

"I figure you have the same chance of winning the lottery whether you play or not"

- Fran Lebowitz, Writer

December, 1999

Volume 2, Issue 1

The Finish Line

A Publication for Active Members of the Sacramento County Employees' Retirement System

On-Line — A Look Back at 1999, A Look Forward to the Future

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Sacramento County and special districts employees who are members of SCERS enthusiastically welcomed the creation of SCERS' website, which has been on line since April 1, 1999, and the inclusion on our website of many items of interest, such as:

- Important notices
- Our two newsletters, i.e., *The Finish Line* (for active employees) and *The Latest Wrinkle* (for retirees)
- SCERS' Financial Statements
- SCERS' Retirement Handbook, in hypertext format for easy movement between sections
- SCERS' Organizational Charts and administrative information
- SCERS' Investment Policy and objectives, and related reports
- Related links to other retirement systems

BUT, If you are like 9 out of 10 SCERS members, you are eager to ask:

"Yes, but what has SCERS done for me lately???"

Happily, the SCERS Board and Administration are proud to announce the establishment, on October 1, 1999 of an on-line SCERS Retirement Planning Benefit Calculator. This program provides an esti-

mate of the monthly service retirement allowance which you may be eligible to receive based upon your request and the information you provide – your birthdate, plan and tier of membership, length of service and estimated final compensation. If you have access to the Internet, you can reach this new service using the following web address:

<http://www.co.sacramento.ca.us/retirement/handbook/calc/benefit>

You can also reach the calculator program from SCERS web page by selecting the button for "Retirement Website Handbook," and scrolling through the Table of Contents until you reach "SCERS Retirement Benefit Calculator." Give it a try!

Watch for future improvements to our web site - they will include online access to each individual member's account using a secure PIN number to retrieve plan/tiers and service credits for use in the calculator program (planned for June 2000), on-line access and interactivity to enable inquiry to SCERS and SCERS response to include access to certain documents contained in your own file (planned for June 2001), and online access to interactive forms which you will be able to submit electronically (planned for June 2002).

Important Telephone Numbers

SCERS:

916-874-9119

SCERS FAX:

916-874-6060

SCERS TOLL FREE No:

1-800-336-1711

E-mail address:

irisb@mail.sna.com



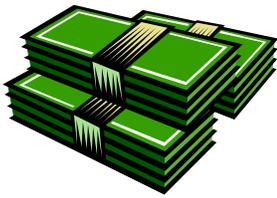
SCERS NEWS FLASH!

WATCH YOUR MAIL FOR NEW HANDBOOKS

(SEE ARTICLE PAGE 2)

What's This "Ventura" Stuff I've Heard About?

Final Compensation/Compensation Earnable Defined



"What elements constitute compensation for purposes of calculating final compensation?"

SCERS retirement allowance benefits are calculated as a percentage of final compensation. Final compensation for members of the First Tier Miscellaneous Category and First Tier Safety Category is defined as the highest average monthly compensation earnable, i.e. pay subject to retirement contributions, by a member during any one year elected by a member at the time (s)he files an application for retirement. For all other retirement tier categories, members use three years instead of one year.

Compensation earnable from 1985 through 1997 was defined by retirement systems (including SCERS) as including certain elements of compensation while excluding others, and was enacted, managed, and administered in accordance with provisions of the County Employees Retirement Law of 1937. In making a determination of which elements were included and excluded, systems were following interpretations of law and a ruling by an appellate court in a case called "Guelfi vs. Marin County Employees' Retirement Association."

In 1997, there was a case brought before the California Supreme Court, "Ventura County Deputy Sheriff's Association v. Ventura County Employees' Retirement Association." In that suit the Supreme Court disapproved the decision made by the appellate court in the Guelfi case. As a result of the Supreme Court's decision, all 1937 Act systems had to review their interpretations and definitions of compensation earnable. On Page 3 of this newsletter, you will find a summary of compensation elements included or excluded as compen-

sation earnable by the SCERS Board as a result of that decision, effective October 1, 1997.

Now, civil actions have been brought against 1937 Act counties and retirement boards challenging their interpretations and application of the Supreme Court's decision. These actions share the following common questions of law:

1. What elements constitute compensation for purposes of calculating final compensation? The elements in dispute include: terminal pay, county paid contributions made to third parties (e.g. insurance premiums), and certain other forms compensation (e.g., canine care).
2. Must *Ventura* be given retroactive application, and what would that constitute?
3. If *Ventura* is given retroactive application, are retroactive employee contributions and interest owed?
4. If *Ventura* is given retroactive application, what is the applicable statute of limitations and on what date did a cause of action accrue?

"But what," you ask, "is the significance of this matter to me, as a SCERS member (or to SCERS membership employers)?" Well, depending upon the Court's rulings, you may be required to contribute more (and ultimately receive a higher retirement benefit); and, the County and member districts may be required to pay significantly more – to pay off what could be a very substantial (worst case scenario – \$500 million) unfunded accrued actuarial liability.

As with any litigation, it will be a while before this matter is resolved, perhaps, it is expected, several years.

"Every day I get up and look through the Forbes list of the richest people in America. If I'm not there, I go to work."

Robert Orben,
Humorist





SUMMARY OF COMPENSATION ELEMENTS CONSIDERED AS COMPENSATION EARNABLE			
EARNINGS	DESCRIPTION	INCLUDED	EXCLUDED
Regular Earnings	Hours of work	X	
One Time Bonus Payment	Payments normally made once a year as a result of bargaining	X	
Overtime-includes CTO expired	Hours worked in excess of normal work schedule		X
7/12 work shift	Regular work schedule of 12 hours per day; 84 hours per bi-weekly pay period	X	
Extra-help wages	Wages paid to employees who are not regular (permanent) county employees		X
Holiday-in-lieu paid after 104.0 hours	Hours paid over the maximum of 104.0	X	
Workers' Compensation Temporary disability	Workers compensation benefits integrated with existing leave balances for employees who have an accepted industrial injury and are temporary disabled.	X	
Shift differential	Differentials paid to employees working other than the day shift	X	
Standby pay	An assignment of an employee to remain on call if the need arises for emergency work.	X	
Food allowance	An allowance paid to employees hired or transferred into food service prior to July 1971 represented by Health Services Unit	X	
Terminal pay – vacation, holiday in lieu, CTO, and leave payout	Accumulated leave balances paid to an employee upon separation from employment.		X
Special pay allowances	Additional pay for performing work considered to be out of or in addition to the class	X	
Incentive pay allowances	Additional pay for possession of educational degrees or required certificates	X	
Miscellaneous allowances	Assignment differentials based upon a percentage of base pay.	X	
Management differential	Additional pay paid to managers in lieu of other benefits, i.e, tuition reimbursement	X	
Transcription fees for court reporters	Monies paid to court reports to transcribe their cases		X
Retirement offset	Additional pay for certain employees in-lieu of the county paying ½ retirement contributions	X	
Leave balance usage (vacation, compensating time off (CTO), holiday in-lieu, sick leave, etc.)	Payment received for absence from work due to use of leave balances or authorized paid absences.	X	
Vacation cash-in	Additional pay, twice a year, for cashing in accrued vacation.	X	
Payoff beyond maximum accrual	Additional pay for vacation hours over the maximum accrual	X	
Mental Health Retention	A recruitment differential paid twice a year to employees who work at the mental health facility	X	
Disability Pay	Used in conjunction with Workers' Compensation Disability Pay so that when combined together it equals 50% of the bi-weekly pay.	X	
4850 Time pay	Paid in lieu of temporary disability for Safety personnel in accordance with 4850 of the Labor Code – tax free – max one year.	X	
Clothing allowance	An allowance paid in two installment to cover the cost of maintaining a uniform	X	
Equipment allowance	An allowance paid in two installments to reimburse employees who are required to provide their own equipment, i.e., court reporters	X	
Animal allowance	Payments made to employees assigned to the K-9 and Mounted Patrol to maintain their animals		X
Insurance Subsidy	Cash payment of the amount of the county contribution towards health insurance over the premium, less the cost of social security.	X	
Fair Labor Standard Act adjustment	Differential paid when the value of overtime per FLSA guidelines is greater than that negotiated		X
Insurance Subsidy Offset	An amount paid in January of each year to refund the social security reduction of the insurance subsidy to employees who were at social security maximum.	X	
Vehicle taxation earnings	Taxation for the value of a home retention vehicle		X
Auto allowance	Payment for use of personal vehicle for county business	X	

Getting “Credit” for Work, In Sickness and In Health.....

“...accumulated sick leave hours may not be used to meet the 10 year minimum eligibility requirement for retirement.....”

Permanent employees pay their share of employee contributions to the retirement fund regularly, via payroll deductions and receive one hour of service “credit” for every one hour worked and for which appropriate contributions have been made. But, did you know that every hour of sick leave that you leave “on the books” at your retirement date, will increase the amount of your benefit payment? That’s right. Although accumulated sick leave hours may not be used to meet the 10 year minimum eligibility requirement for retirement, if you retire for “service,” you will be credited, hour for hour, with your accumulated sick leave. [Those of you who are classified as “management,” certain attorneys, and supervisory probation officers and su-

pervisory accountants will have the option of “cashing out” up to one half of your sick leave hours, with the other “half” applied to service credits.]

You may also maximize your service credits at retirement by purchasing missing service. You may obtain credit for time lost due to an illness during an uncompensated leave of absence or while on an absence during which your sick leave is integrated with State Disability Insurance. For more information on purchasing such service, and to find out about all other types of purchasable service, read your Retirement Handbook, or stop by the retirement office and pick up your copy of SCERS’ brochure entitled, “What You Need to Know about “Creditable Service.”

How Retirement Benefits Integrate with Social Security.....



Understanding your retirement benefits early is the key.....

Have you looked at your pay stub or remittance advice lately? You may have noticed two unfamiliar deductions – CERS Pension Low and CERS Pension High.

These items result from the application of annually established contribution rates to your retirement applicable pay. When the Pension Low and Pension High results are added together, the sum represents your total retirement contribution for the pay period covered. (Prior to the introduction of the Compass payroll system, only one item was shown - the resulting sum of your high and low contribution rates.) Retirement contribution rates are split into “low” and “high” designations for all permanent, full-time County employees because such employees are “integrated” with the federal Social Security program.

If you are an “integrated” employee, you pay the entire prevailing social security tax (currently 7.65%). Recognizing that full-time employees also contribute to Social Security, SCERS applies a slightly reduced percentage rate (the Low rate) to the first \$161 biweekly compensation earnable, and a slightly higher percentage rate (the High rate) to the remaining compensation earnable. Consequently, all other things being equal, your contributions into the retirement system will be less than the contribution taken from an employee who is not “integrated” with Social Security, e.g. permanent, part-time employees. Permanent, part-time employees are not “integrated” with Social Security and do not pay Social Security tax (except for the Medicare deduction of 1.45%). Therefore SCERS does not apply a “low” rate to part-time employees’ pay.

Revised Handbook Ready for Distribution

SCERS' December 1999 edition of the Retirement Handbook is now complete and ready for distribution. For the first time, the Handbook will be mailed directly to each SCERS member's address of record. [If you are a County employee, the mailing address recorded in the COMPASS system is considered the address of record. If you are a special district employee, the address recorded in the MSAS payroll system is considered to be the address of record.] Now is a good time for you to verify with your personnel/payroll clerk, that the address of record for you is correct.

The revised Handbook has been described as user-friendly, and more informative, and includes new sections, including an overview of other retirement systems, information about resources available from SCERS, and a segment on "Planning for Retirement."

You are encouraged to read your Handbook and take advantage of all the resources available to you. If you haven't received your copy by the first of January, 2000, please contact SCERS.

Don't Pass the Buck Regarding your Retirement Readiness!

Shifting responsibility to someone else is called "passing the buck." In card games, it was once customary to pass an item, called a buck, from player to player to indicate whose turn it was to deal. If a player did not wish to assume the responsibility, he would "pass the buck" to the next player.

Perspectives from the Light Side of the Internet:

It's time to turn your computer off and read a book when:

- You wake up at 4 a.m. to use the bathroom and stop to check your e-mail on the way back to bed....
- You turn off your computer and get this awful empty feeling, as if you just pulled the plug on a loved one....
- You laugh at people with 14.4 baud modems....
- You can't correspond with your mother...she doesn't HAVE a modem....
- You feel really depressed when your e-mail box shows, "No new messages."
- You don't know the gender of your three closest friends because they have neutral screen names....
- You move into a new house and decide to Netscape before you landscape....
- You start using smileys":-)" in your snail mail, and start tilting your head sideways to smile....
- After reading this message, you immediately e-mail it to a friend!



Back up my hard drive?
How do I put it in reverse?

Legislative Report: Statutes of 1999 – Chapter 160 – Senate Bill 558 Cancer Presumption on Disability Retirement

The County Employees' Retirement Law of 1937 for years has provided that the development of heart trouble by specified "safety" members shall be presumed to arise out of and in the course of employment. Thus, affected members have not been required to prove that their disabling heart trouble was caused by their employment, leading to their service-connected disability retirements.

Now, the State Legislature has passed, and the Governor has signed into law, Section 31720.6 (effective year 2000) which prescribes a similar presumption in the case of the development of cancer by a safety member or a

non-safety member actively engaged in law enforcement or fire suppression.

The cancer presumption is disputable and may be controverted by evidence that the cancer causing carcinogen to which the member has been exposed is not reasonably linked to the disabling cancer, provided that the primary site of the cancer has been established. Unless so controverted, the Retirement Board is bound to find in accordance with the presumption.

Copies of Chapter 160 are available upon request from SCERS Administrative Office.



The County Employees' Retirement Law of 1937 can be changed by legislative action only.

Reaching Retirement (Staff, That Is)

SCERS employees are eager to serve the needs of fellow SCERS members as quickly and as efficiently as possible. At the same time, staff are firm in their commitment to Sacramento County's clean-air policies and transportation plans. Because retirement staff is encouraged to carpool and to participate in alternative work schedules which promote the county's environmental goals, you should take note of these suggestions regarding

office hours.

If you have general questions about retirement and about the services SCERS provides, you may call 916-874-9119 at any-time during regular office hours, between 8 a.m. to 5 p.m. SCERS receptionists will be happy to assist you. However, if you need to speak to a particular counselor, you are encouraged to make your call or to visit the office between 8:30 and 4:00 p.m.

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"A good listener is not only popular everywhere, but after a while, he knows something"

Wilson Mizner.