

SCERS NEWSLETTER

RETIREMENT INFORMATION

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Investment Returns on Par

As global markets rebounded in the first half of 2023, SCERS finished its fiscal year that ended June 30, 2023, with a 6.3% investment return (6.1% net of fees).

The return falls slightly short of the 6.75% annual investment assumption that SCERS uses in its pension funding model to ensure benefit obligations are met. Over longer time periods, SCERS has maintained strong performance, beating the 6.75% assumption on average to keep the pension trust well-funded for 30,000 SCERS members and their families. SCERS' investment performance continues to rank in roughly the top quartile of pension plans across the country.

"We maintain a highly diversified portfolio and a disciplined approach to investing through economic cycles," said SCERS Chief Investment Officer Steve Davis.

Investment Assumption Stays at 6.75%

The SCERS Board of Retirement recently reviewed the investment assumption as part of a triennial study to examine economic and demographic assumptions used to project pension liabilities and determine contribution rates.

The biggest driver of contribution rates and plan funding—the investment return assumption—has decreased over the past two decades as inflation and interest rates decreased and the Board intentionally reduced risk within SCERS' strategic asset allocation. Generally, if the investment assumption is lowered, contributions need to be increased to make up the difference.

After careful consideration, the Board voted at its August 2023 meeting to maintain the 6.75% assumption, given that the long-term economic outlook for several asset classes, such as fixed income, has improved as interest rates have risen. Minor adjustments to other assumptions were made but are not expected to lead to increased costs for employees or employer contribution rates. Changes to the actuarial assumptions will be reflected in 2024-25 contribution rates.

A Message from SCERS' CEO

A few years ago, we began surveying new retirees about their SCERS' experience. While overall satisfaction is strong, the feedback is also helping us improve our services. Frequent comments include:

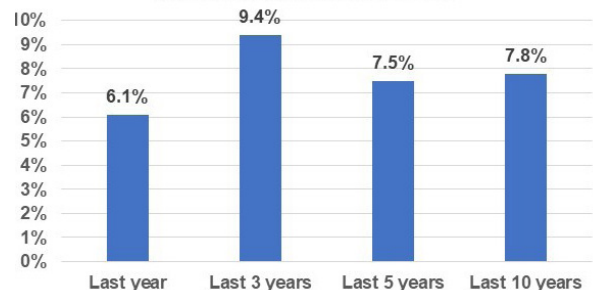
1. Faster payments – This has been a longstanding priority to get new retirees their first pension payment faster. Though we've made progress, we know there's more work ahead, and we added more staff this year to speed application processing.
2. More communication – We added formal touchpoints this year for our staff to contact members during the retirement process. We score high marks in our survey for members' confidence in our staff, but understand that more outreach is needed along the way.
3. One-stop shop – We also wish retirement was simpler, but SCERS is just one piece of a retirement puzzle that involves multiple agencies. To help with better coordination, we expanded our retirement webinars to include representatives from the County's Employee Benefits Office, Social Security Administration, and Fidelity (which administers the County's 457 plan).

We're listening and using that feedback to help you on your retirement journey.



—Eric Stern

Average Investment Returns
(by fiscal year ending June 30)





Spotlight: DWMR Workers We Rely On

As the heat of summer is still upon us, a big shout-out goes to the thousands of SCERS members who are exposed to the extremes of our region’s weather as they provide critical services to the community. Thank you for what you do!

Most of the 380 employees of Sacramento County Department of Waste Management & Recycling (DWMR) work outdoors in every kind of weather: in trucks, at dumping facilities,



Deshawn Mays and his collection truck

warehouses, cart yards, or out on the streets.

Deshawn Mays, who has been with DWMR for 29 years, was hired as a teenager when he started his outdoor career, picking up litter, cutting grass, washing trucks, and

getting downright dirty at the County landfill. It was a job he couldn’t wait to do.

“My dad worked here, and just seeing him putting in all these years here inspired me. I was always fascinated by the trucks, so growing up I decided that I would apply here as soon as I could,” he said. It took him two years to get hired, but now he’s a Residential Curbside Collection Equipment Operator 3, and he loves his job.

“This is a great place to work. We care about each other here. I show up 45 minutes to an hour early every day and I love what I do,” he said. He usually arrives to work at 4:45 a.m.



Deshawn’s cab is mostly quiet, even with the thunderous engine and constant clanging and beeping outside.

Deshawn is responsible for the most difficult collection routes and uses a smaller truck built for tight turns. “I work on mainly dead-end streets that are too tight for big trucks to go down and turn around, he said. “As the lead, I also train new employees and those who get promoted to operate different pieces of equipment. The amount of safety training is extensive here because it’s a dangerous job.”

His public interactions at work can also present dangers. Once he diverted a loose Rottweiler that was charging toward an elderly woman walking her dog along his route. Fortunately, he was able to ensure the woman and the dogs got to safety.

On another occasion, one of the cans he picked up was on fire, requiring quick action. “You have to be on your guard at all times at this job,” he said.

Mostly though, his public interactions involve smiles and waves and helping customers with special needs. “When customers can’t bring their cans out, I bring them out and put them back,” he said.

Doing good is Deshawn’s favorite part of the job. During lockdown, a young boy on Deshawn’s route came outside each week to watch his truck in action. One day his mother tipped off the drivers that her son’s birthday was approaching, so the next week when the trucks arrived at his house, the drivers honked their horns for him and wished him a happy birthday. “He was so excited. It was one of the best moments I’ve had on the job,” he said.

Deshawn’s future plans include retiring with a full 40 years, taking some cruises, and keeping active in his bowling league. Until then, he plans to keep enjoying the next 11 years at work and may consider returning to work as a retired annuitant.

Monica Alvarado has worked at DWMR for five years. She calls herself a lid-flipper auditor and also loves her job. “I love the camaraderie and everything about this environment,” she said.

What is a lid flipper? “I check recycling cans, making sure customers are putting the right things in there — no stretchable plastic, no garbage, no food waste — and I educate customers using pamphlets with QR codes sending them to SacGreenTeam for more information in several languages. I



Monica Alvarado in the Roseville Road cart warehouse with the agency’s first electric truck.

love talking to people,” she said, and proceeded to help several customers who came to the facility to pick up organic waste buckets.

If you happen to see Monica on the street near a DWMR vehicle and looking in your recycle can, you are not in trouble. They stop at every 10th house. “We’re recycling. We’re not the police,” she said.

When she’s not auditing in the field, Monica also works in the cart yard and warehouse, but the extremes of the weather don’t bother her. “Before I worked here, I worked for California Conservation Corps, so I’m used to this. I also worked for Sacramento Regional Conservation Corps, and that’s where I learned about recycling,” she said.

Monica is saving for retirement but has no plans to retire anytime soon. “You’re always going to have garbage, and someone has to haul it. I don’t think I’ll ever leave this department,” she said.

SCERS Welcomes New Executive Staff

SCERS recently welcomed three new executive staff members: Chief Benefits Officer Keith Riddle, Chief Technology Officer Timothy Taylor, and General Counsel Jason Morrish.

Keith comes to SCERS from CalPERS, where he worked as a Division Chief, overseeing the 130-person Disability and Survivor Benefits Division. He brings a wealth of customer service and business process know-how, having worked in multiple positions at CalPERS since 2000, and also having served a 3-year stint at CalSTRS as a field office manager.

Keith has a deep knowledge of the overall planning and administration of benefits within a California public pension system.



**Chief Benefits Officer
Keith Riddle**

“As a Sacramento native, I am excited and honored to serve those who have served Sacramento County. I look forward to delivering exceptional customer service to SCERS members in a timely and accurate fashion with the utmost professionalism, compassion and responsiveness,” Keith said.

Timothy comes to SCERS with 23 years of experience at CalPERS, where he served as Chief Technology Innovation Officer since 2012. Prior to that, he served as Section Chief in the Application Development & Support Section, and as Manager for the Web Development & Support Section.

Timothy will have overall responsibility for the implementation of SCERS’s IT modernization program.

Jason served as a Deputy County Counsel in San Joaquin County, where he was employed since 2004. He served as General Counsel for the San Joaquin County Employees’ Retirement Association since 2017.

His experience includes interpretation and implementation of the County Employee’s Retirement Law of 1937, the Brown Act, and Robert’s Rules of Order, in addition to contract development and review in all facets of business operations, and oversight and management of outside counsel.

Jason also personally handled numerous litigation matters for San Joaquin County during his tenure and served as general counsel for several departments, including General Services, Facilities Management, Capital Projects, Emergency Services, Deferred Compensation, and the Registrar of Voters.



Alameda Pension Adjustments Update

SCERS is processing pension recalculations in monthly batches throughout the year for retirees impacted by the Supreme Court’s *Alameda* decision, with the goal of completion by December 2023.

The first 400 retirement adjustments were processed in March 2023, with about 1,000 pension adjustments remaining in progress to remove pay elements that are no longer allowed to be included in the Final Compensation amount.

Additionally, SCERS has processed more than 4,000 contribution refunds to active and deferred members who overpaid retirement contributions on now-excluded pay items.

Affected members will receive an individual notice with the correction details. We appreciate your patience with this process.

Pursuant to the July 2020 California Supreme Court decision in the case of *Alameda County Deputy Sheriffs’ Association et al. v. Alameda County Employees’ Retirement Association and Board of Retirement of ACERA*, the disallowed pay items, dating back to 2013, include standby pay, vacation cash-in that exceeds allowable limits, animal allowance, insurance subsidy offset payments, and incentives that include overtime.

For more information visit scers.org/alameda-corrections.

Board of Retirement

The SCERS Board is responsible for administering the pension plan in accordance with governing law, managing risk, and protecting both plan assets and the interests of the plan beneficiaries.

- James Diepenbrock, President**, Appointed by the Board of Supervisors
- Robert Aguillo, Jr., Vice President**, Appointed by the Board of Supervisors
- Keith DeVore**, Appointed by the Board of Supervisors
- Ronald Suter**, Appointed by the Board of Supervisors
- Chad Rinde**, Ex-Officio, Director of Finance
- M. Tapa Banda**, Elected by Miscellaneous Members
- Alina Mangru**, Elected by Miscellaneous Members
- Jack Noble**, Elected by Safety Members
- Chris Giboney (alternate)**, Elected by Safety Members
- Martha Hoover**, Elected by Retired Members
- Dave Irish (alternate)**, Elected by Retired Members

Learn more about our Board at scers.org/board.



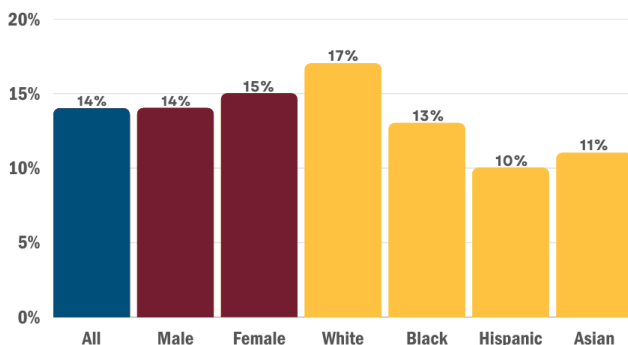
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SCERS is Here for Generation X

A new study by the National Institute on Retirement Security shows that most Generation X workers are unprepared for retirement and are not meeting retirement savings targets. Only 14% of Gen Xers are covered by a defined benefit (DB) plan such as SCERS, having entered the workforce when pension plans began to be replaced by defined contribution plans. Regardless of gender, race and income, saving for retirement has proven to be very difficult for Gen Xers, but having a SCERS pension is a guarantee for life.

Generation X: 14% have DB Coverage



DB Plan Coverage Across Gen X. Read more at www.nirsonline.org

Upcoming Events

Board Meetings - 10:00 a.m.

- Wednesday, September 20
- Wednesday, October 18
- Wednesday, November 15

Board meetings are presented as in-person events, with live-streamed meeting links accessible from our home page quick link menu.

Visit scers.org/retirement-board-meetings for agendas, minutes, and other Board updates.

Pension Planning Webinars - 10:00 a.m.

- Thursday, September 14
- Tuesday, December 12

SCERS will be joined in this retirement planning event by representatives from some or all of the following agencies: Social Security Administration, Fidelity Investments, Sacramento County Retired Employees Association, and Sacramento County's Employee Benefits Office.

Register at scers.org/pension-planning-webinars.