



Ventura Benefits & Your Retirement Calculation

No ACERA member's Ventura Benefits were affected by State Assembly Bill 1987 because the bill was vetoed by the Governor in September and did not become law. Since this topic was in the spotlight over the summer, ACERA wants to make sure you understand what Ventura Benefits are and how they work.

Retirement Formula

First, you need to understand how your retirement allowance will be calculated. When you retire, ACERA will perform the following calculation for you:

$$\text{Age Factor Percentage} \times \text{Years of Service} \times \text{Highest Average Monthly Salary} = \text{Monthly Retirement Allowance for Life}^*$$

Your Age Factor Percentage is based on whether you are a General or Safety member, your Tier (I, II, or III), and how old you are when you retire—the older you are at retirement, the higher your percentage, up to a Tier maximum (see page 40 of the *ACERA Member Handbook*).

Your Years of Service (Service Credit) is a measure of how many years of service credit you've earned working in your retirement eligible position(s), plus any service credit you have purchased. It's measured to a fraction of a work day, so will have a few decimal places after it.

Your Highest Average Monthly Salary (Final Average Salary) is an average of how much you've made per month in base salary and eligible pay differentials (not overtime) during your **(continues)**

* Actual allowance may differ depending on which retirement option you select at retirement, and your amount of Social Security Reduction.

(continued from cover page)

Final Compensation Period (FCP). Tier I and III members' Final Compensation Period is the highest full-time one year of pay[†] and Tier II members' Final Compensation Period is the highest full-time 3 years of pay.[†] For almost everyone, this is at the very end of the career.

Ventura Benefits

Ventura Benefits began when a court in Ventura County decided that certain items should be included in Final Average Salary. If you earn regular vacation, and do not take that vacation, and are then paid for it during your Final Compensation Period, your total salary is higher. Therefore, your average monthly salary over that period is also higher, and when we multiply it in the 3-factor retirement formula shown on the cover of this newsletter, your monthly retirement allowance will also be higher. See the tables to the right for how this could increase your allowance.

Vacation Compensation

There are two ways of being compensated for earned, unused vacation: vacation sales and vacation payoff.

Vacation Sales are when you sell your earned vacation to your employer while you're still actively working and receive monetary compensation for it.

Vacation Payoff happens when you have earned vacation that is still on the books when you stop working. At that time, your employer will compensate you monetarily for it.

Both of these ways of being compensated for your unused vacation will result in a higher average salary if you receive payment during your Final Compensation Period.

Limitations

When ACERA is calculating your salary for use in the retirement formula, the maximum amount of vacation compensation that can be included in your Final Average Salary is the amount of vacation you earned during your Final Compensation Period. For Tier I and Tier III, that's one year's worth of vacation. For Tier II, that's three years' worth of vacation. Anything over that maximum, you are still compensated for by your employer, but it doesn't increase your Final Average Salary.

Tier II members should remember that most employers impose a maximum amount of vacation you

can have on the books when you retire and be paid for. That maximum is typically two times your accrual rate, or essentially two years' worth of vacation—anything over, you lose, and are not paid for. This means that to maximize your Ventura Benefits by getting paid for three years' worth of unused vacation, you would have to sell one year's worth of vacation before you retire during your Final Compensation Period. Also remember, many ACERA employers will limit you to selling two weeks per fiscal year, so you may need to plan two to three years in advance and sell vacation each year.

Check with your payroll department to see what the maximums are for you.

For more information on Ventura Benefits, attend one of ACERA's seminars. See the schedule on the back of this newsletter or at www.acera.org.

Tiers I & III Ventura Increases	
Weeks Vacation Compensation During FCP	% Retirement Allowance Increase
1	1.9%
2	3.8%
3	5.8%
4	7.7%
5	9.6%

Tier II Ventura Increases	
Weeks Vacation Compensation During FCP	% Retirement Allowance Increase
1	0.6%
2	1.3%
3	1.9%
4	2.6%
5	3.2%
6	3.8%
7	4.5%
8	5.1%
9	5.8%
10	6.4%
11	7.1%
12	7.7%
13	8.3%
14	9.0%
15	9.6%

[†] Your Final Compensation Period is made up of consecutive pay periods. For part-timers, ACERA will add up part-time pay periods to equal 1 year (Tier I and III) or 3 years (Tier II) of full-time pay.

message from the CEO

Dear Members,

If you are a retired or deferred member, you probably received a mail survey from ACERA back in April about your web and internet preferences. If you are an active member, you got an email link to take the same survey on the web. You may be wondering why we're asking so many questions.

ACERA is preparing to make a few improvements to our website, so we wanted to learn approximately what percentage of you have home internet access and gauge what functions you would find useful on the website. Overall, 25% of you responded. Here are some of the results:

	Retired	Deferred	Active
Home internet access	74%	92%	93%
Handheld device internet use	12%	33%	36%
Regular email use	68%	94%	96%
Highest ranked web feature	News	View Account	View Account
Interest in news feed	17%	25%	57%
Interest in taking web surveys	55%	67%	88%

Both deferred and active members ranked viewing their ACERA account as their highest web feature preference, and retired members ranked it third. We are currently working to provide this function to you on our website, and we project we will have it available by the end of Spring. Active and deferred members will be able to see how much service credit they've earned and get an accurate retirement allowance estimate using their actual member data in the same calculations that our Pension Gold system makes. Retired members will be able to see pay statements just like the ones they get in the mail, as well as view their withholding and deductions for health plans.

ACERA would like to thank all of you who took the survey for giving us your opinion.



Catherine E. Walker
Acting Chief Executive Officer



investment performance

In the second quarter of 2010, the Board continued ACERA's U.S. Small Cap Value Equity manager search by selecting four short-listed candidates for the search. In ACERA's Private Equity portfolio, the Board made a \$30 million commitment to a buyouts manager. In addition, the Board also amended ACERA's Real Estate Strategic Plan and established the 2010 Investment Plan for ACERA's Real Estate Portfolio. At the policy level, the Board adopted ACERA's Placement Agent Disclosure Policy.

For the quarter, every major domestic equity index posted a negative return. The DJIA, S&P500, and NASDAQ returned -9.36%, -11.43%, and -12.04%, respectively. However, Domestic bonds performed fairly well. The Barclays Capital Aggregate Bond Index returned 3.49%.

ACERA's total Fund returned -6.9% in the second quarter 2010 and ranked in the 97th percentile among public funds greater than \$100 million. The Fund beat its policy index of -7.6% during this time period. Longer term, the three (-4.8%), and five-year (2.7%) returns ranked in 77th and 49th quartiles among public plans. The market value of the total Fund as of 06/30/10 was \$4,456,520,346.

Investment Returns for 2nd Quarter, 2010*

	2nd Quarter	1 Year	3 Year	5 Year
TOTAL FUND	-6.9%	14.7%	-4.8%	2.7%
Policy Index**	-7.6%	12.5%	-3.5%	3.3%

* Returns for periods greater than one year are annualized. Results of all publicly traded investments are presented in accordance with CFA Institute standards.

** The Policy Index is 37% Russell 3000/ 18% Barclays Aggregate/ 3.6% Citigroup WGBI - ex US/ 2.4% Barclays High Yield/ 23% MSCI AC World - ex US/ 6% NCREIF Property Index/ 10% Russell 3000+150 bps.

RETIREE PAGE

ACERA Focuses on Your Wellness is 2011

If you haven't got your health, what have you got? ACERA wants you to be healthy, so we're embarking on a new Wellness and Disease Management Plan in conjunction with Alameda County and our medical, vision, and dental plan carriers. We have two major goals to accomplish:

1 Improve Member Health

ACERA will focus on improving the health of ACERA retirees and their eligible dependents, especially our members who are at risk of becoming a Type 2 diabetic. Our objective is to bring awareness to the entire ACERA population, both active members and retirees by engaging our members in education, detection, and prevention of this disease. Why diabetes? Our medical carriers tell us that diabetes is the most prevalent disease among our members. A report from Kaiser Permanente reveals that 14.9% of our Early Retirees (those under age 65) enrolled in the HMO Plan are diabetic (in 2009). Type 2 diabetes is largely preventable through exercise and healthy eating. These ways of preventing and treating diabetes also help prevent and treat many other conditions like heart disease and high blood pressure.

2 Control Costs

According to research by the Kaiser Family Foundation, family medical premiums in the U.S. rose about 5 percent in 2009, which is much more than general inflation (which fell 0.7 percent during the same period, mostly due to falling energy prices). Workers' wages went up 3.1 percent during the same period. Between 1999 and 2009, premiums went up a total of 131 percent, far more rapidly than workers' wages (up 38% since 1999) or inflation (up 28% since 1999).

The premiums for ACERA's medical plans are also rising. Claims experience, which is the amount that members use the medical plans each year correlates to the price of your premiums.

ACERA found that 34.8% of the annual premiums paid (\$3,626,420) to Kaiser are due to diabetes. Our goal is to engage members to take a role in creating a healthier lifestyle in order to prevent this disease. We also want to help those who have it control it or improve their medical condition by active disease management. If we are successful, we will see costs decline in future years, which will result in reductions in premium costs, saving members money and extending the life of the Monthly Medical Allowance.

Staff is working with both of ACERA's medical carriers as well as VSP and Delta Dental in an effort to communicate prevention, detection, and management of diabetes through newsletters, presentations and

other methods of education.

Measurements of improvements will be made through analysis of indicators like number of prescriptions, durable medical equipment, and emergency room visits.

Staff kicked off this project during the summer with an article about preventing and managing diabetes in the Summer/Fall What's Up? Newsletter. In addition, ACERA provided flyers from our carriers regarding diabetes in the Open Enrollment Packets and had both a doctor and a dentist present diabetes information at the ACERA Annual Retiree Health Fair.

Watch for more information on how you can become a part of this endeavor in our upcoming newsletters, paycheck stuffers, and seminars.



Extend your life and lifetime benefit—tips for living well before and after retirement

LIVE WELL

Easy Healthy Resources

You want to feel like a million dollars. You want to breathe easy. You want to move. If given one choice, no one would choose to feel tired, confused, worried, and blasé over feeling ripe, strong, and energetic. In reality, you are not faced with a single big choice, but a variety of little choices you make that add up to wellness or sickness.

Finding the motivation to make healthy choices is often challenging. The single best thing you can do to find motivation is to find help—establish relationships with communities that inspire and sustain hope and use those relationships to help you to learn, practice, and master the new ways of thinking, habits, and skills that you need to thrive.

Your medical care providers offer a ton of resources to help you find some of those new ways of thinking, discover the information you need, and connect with others.

It may seem hard, but you are really successful in a lot of other areas of your life, so you absolutely have wellness success within you. You got this.

PACIFICARE / UNITEDHEALTHCARE RESOURCES

PacifiCare members can start by going to www.pacificare.com to uncover all the wellness resources available to them.

Online Health Assessment - Personalized, confidential report to identify what health and health risk areas you're doing good in and what areas you can improve in.

Online Health Coaches - Individual 5-week programs with benefits that last a lifetime on topics like nutrition, exercise, diabetes, stress, weight loss, heart, smoking, and more.

Online Calculators - Body mass index, waist, target heart rate, calories burned, heart attack risk, fertility, and more.

Disease Management Programs for asthma, coronary artery disease, heart failure, depression, diabetes, fitness, chronic obstructive pulmonary disease, cancer, chronic kidney disease, neonatal intensive care, and more.

PacifiCare Perks - Discounts on health and fitness products, products for child proofing your house, electronic sleep pattern device, electronic device to quit smoking, Weight Watchers, electronic weight loss device, chiropractic, and acupuncture.

Take Charge Programs - Self-directed education programs for taking charge of quitting smoking, asthma, diabetes, and more.

Health Information - Symptom checker, A to Z conditions guide, drug guide, health encyclopedia

HEALTH NET RESOURCES

If you are a Health Net member, visit www.healthnet.com and click on the Decision Power Health & Wellness button to see all that Health Net has to offer.

KAISER PERMANENTE RESOURCES

Kaiser has many resources for its members, but a lot of them are also available to anyone who visits their webpage. Start here: <https://members.kaiserpermanente.org/redirects/healthyliving/>

AVAILABLE TO THE PUBLIC

Online Health Calculators - Calculate your body/mass index, calorie burn, portion sizes, target heart rate, stress level, and a bunch of other health stats.

Health Encyclopedia - Over 40,000 webpages, searchable with keywords.

Health Videos - Topics include asthma, diabetes, exercise, healthy shopping, newborns.

Guided Imagery Audio Files - Gentle but powerful relaxation exercises designed to engage your mind, body, and spirit. Topics include easing grief, easing pain, healthful sleep, healthy immune system, mastering menopause, self-confidence, and weight loss among many others, all downloadable.

AVAILABLE TO KAISER MEMBERS

Healthy Living Classes - Over 1,200 classes in the Bay Area including yoga, acupuncture, breastfeeding, childbirth, diabetes, fall prevention, headache management, Qi Gong, and weight management. Some are free, and others have a cost, but are discounted for Kaiser Members.

Weight Watchers Discounts - Lose extra pounds in a team environment.

Personalized Healthy Lifestyle Programs - Customized plans designed to reshape your way of life and improve your health:

- Total health assessment
- Chronic condition program
- Pain management program
- Weight program
- Nutrition plan
- Stress management
- Quit smoking plan

S	M	T	W	T	F	S
DECEMBER						
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	1
JANUARY						
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31	FEBRUARY		3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	MARCH		3	4	5
6	7	8	9	10	11	12

ACERA Calendar

■ PRE-RETIREMENT PLANNING SEMINARS

January 6, February 3; 9:00-12:00

■ NEW EMPLOYEE SEMINAR

February 10; 9:30-12:00

○ POST SESSIONS

January 6, 12:15-12:45,
Guardianship & Conservators

■ RETIREE EDUCATIONAL SEMINARS

January 19, 9:30-12:00,
Medicare Transition

All seminars (except the Health Fair) are held at ACERA, 475 14th Street, 10th Floor, Oakland. To register, contact ACERA at 510-628-3000 or 800-838-1932 and specify the seminar you wish to attend. Space is limited.

■ 2010 CHECK AND DIRECT DEPOSIT PAYABLE DATES

December 30, January 31,
February 28

■ 2010 RETIREMENT BOARD MEETINGS

December 16, January 20,
February 17

*Third Thursday of each month C.G.
"Bud" Quist Board Room 10th Floor,
2:00 p.m.*

WEBSITE: WWW.ACERA.ORG

TELEPHONE: 510-628-3000

TOLL-FREE: 1-800-838-1932

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