

# What's Up?

News For ACERA Members

## We Redesigned ACERA.org to Make Your Retirement Planning Easier Than Ever . . .

. . . and we're really proud of it. We did this for many reasons:

First, we're able to give you more tools to stay informed and plan for your retirement. The new website can be viewed on all types of devices, with design specifically geared for tablets and smart phones. You can now subscribe to get ACERA news delivered to your email inbox or RSS reader. You can sign up on the website for a retirement planning seminar. If you are planning to retire soon, find information on these topics:

- Get a quick retirement allowance estimate based on your own member account information
- Find out how your retirement is calculated
- Learn about the best day to retire
- Plan for retirement by purchasing service credit
- Know what to do when you're ready to retire
- Get info on healthcare after retirement
- Learn about death benefits and retirement allowance options

Second, the new website reflects our contemporary work on healthcare, investments, and member services. We want members to feel confident both in the security of their retirement and their ability to find what they're looking for on the site.

Additionally, the old website was hard to update, where the new website can be updated in house by of our staff with a few keystrokes because it's built on a modern content management system.

26,111 of you have visited us on the web since we launched the new site. Tell us what you think about the new website or give us your ideas at [www.acera.org/your-thoughts](http://www.acera.org/your-thoughts)

## Members Must Declare Intent to Purchase Certain Types of Service Credit

If you're currently an active or deferred ACERA member, and you think you may want to purchase certain types of service credit in the future, you have one year to declare your intent to purchase that service credit, based on government code sections adopted by Alameda County and recently added to ACERA's membership policy.

By declaring your intent to purchase the time, you are under no obligation to actually make the purchase; however, if you don't make the declaration, you will lose your eligibility to ever purchase the time. Once you declare your intent, you may make the purchase any time prior to retirement. Visit [www.acera.org/service-credit](http://www.acera.org/service-credit) if you're curious about how service credit affects your retirement.

### Deadlines to Declare Your Intent

The declaration deadline for members hired prior to April 2014 is April 7, 2015. The declaration deadline for members hired during or after April 2014 is one year after your date of hire to a full-time permanent position qualifying you for membership.

### Types of Service Credit for Which You Must Declare Intent to Purchase

- Part-time or Service-as-needed
- Project
- TAP (County Temporary Assignment Pool)
- Temporary (not with temporary agency)
- Intermittent (Seasonal)
- Other prior public service time from outside agencies

### How to Declare Your Intent

Complete an Intent to Purchase Service Form at [www.acera.org/intent](http://www.acera.org/intent).

### Do I Have to Declare Intent to Purchase Other Types of Service Credit?—No.

Purchasing other types of service credit does not require a declaration of intent. You may purchase these at any time prior to retirement. These include:

- Medical Leave Without Pay (upon returning from leave)
- Military Leave During Membership (upon returning from leave)
- Redeposit of Prior Membership
- Days prior to membership (the days between your date of hire and first date of membership)

### If I've Already Purchased the Service, Do I Have to Declare My Intent?—No.

### What if I'm Not Sure?

If you're unsure of whether you have eligible service to purchase, but might like to purchase it if available, please feel free to go ahead and complete an Intent to Purchase Service Form.

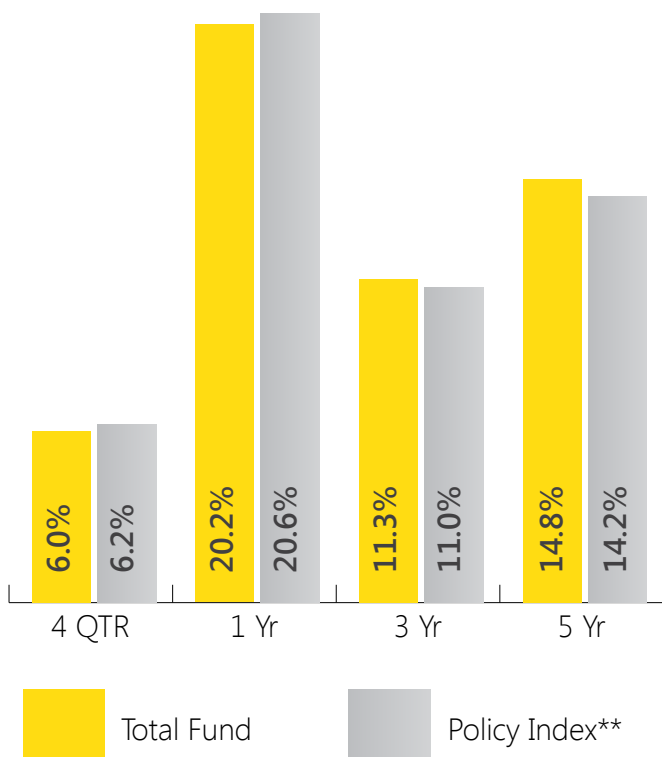


# What's Up – 4th Quarter 2013

During the fourth quarter of 2013, the Retirement Board adopted the amended ACERA Real Estate Strategic Plan, Objectives, Policies, and Procedures and the 2013–2014 Investment Plan for ACERA's Real Estate Portfolio. The Board also approved a \$50 million commitment to an Investment in ACERA's Real Estate Portfolio.

ACERA is a long-term investor with a well-diversified, conservative portfolio. For the quarter ending December 31, 2013, ACERA's Total Fund returned 6.0%, ranking in the 19th percentile and finished the fourth quarter at a market value in excess of \$6.6 billion. Domestic Equities returned 10.0%, International Equities returned 5.7%, and Fixed Income returned 0.8% during the fourth quarter. ACERA's Real Estate managers composite and Private Equity and Alternatives Return Leading Strategies (PEARLS) composite returned 3.4% and 4.5%, respectively, during the fourth quarter. The Real Return Pool composite returned -0.7% during the fourth quarter.

## Investment Returns for 4th Quarter, 2013\*



# Message From the CEO



ACERA's net position grew \$1.0 billion in 2013, the highest earnings yield of any year since its inception in 1948. The growth raised the market value of assets to \$6.6 billion as of December 31, 2013, and delivered a substantial 20.2% (gross) rate of return, ranking ACERA in the upper 8th percentile among its peer funds—outperforming 92% of the other

funds and far exceeding ACERA's top 25th percentile goal. And this 2013 growth follows an impressive 15.0% return for 2012.

Accordingly, ACERA's actuarial value of assets has seen some recovery, as the smoothed losses from 2008 have now been recognized. Even with all this good news, it's prudent for members to refrain from expecting these exceedingly high earnings every year, as ACERA's actuarial assumptions for future long-term earnings are expected to average 7.8% per year.

In 2014, the Board of Retirement created a Budget Committee to provide greater Board oversight of operating and administrative expenses. The committee will meet quarterly throughout the year to conduct reviews and monitor expenses. For more information about what's going on at ACERA, visit [www.acera.org](http://www.acera.org) for a complete calendar of public Board and committee meetings.

Vincent P. Brown

\* Returns for periods greater than one year are annualized. Results of all publicly traded investments are presented in a format consistent with the CFA Institute's Global Investment Performance Standards®.

\*\*As of December 2012, the Policy Index is 32% Russell 3000/ 11.25% Barclays Aggregate/ 2.25% Citigroup WGBI - ex US/ 1.5% Barclays High Yield/ 27% MSCI ACWI - ex US IMI/ 6% ODCE/ 15% Russell 3000 + 100 bps (net)/ 5% Core CPI + 300 bps.



# LIVE WELL

## Cook at Home and Live Longer, Better

If you are leading a busy lifestyle and you are dining out frequently, making a point to eat at home more often can increase your lifespan, health, and happiness. Here are just a few ways:

### Save Money

Restaurant food is more expensive because it has the addition of the restaurant's costs, labor, and profit added to it, a large markup on drinks, and a tip to the service staff. For the cost of one \$40 restaurant meal for two, you could feed those same two people for 3-4 days cooking at home.

If you saved \$30 a week by reducing your eating out by just one time per week, that would add up to \$1560 a year. Earning a conservative 6% interest, money saved from that one act would grow to over \$185,000 over 30 years (assuming 3.2% inflation).

### Feel Better and Live Longer

To keep costs down, most restaurants will use the cheapest cooking oils, meats, vegetables, and other ingredients they can find. This may result in low quality or unhealthy ingredients being included in your meal. At home, you can use the freshest and highest-quality ingredients and also know exactly what you are eating. Fresher, higher quality food usually contains more nutrients that give you increased energy, better health, and greater longevity:

A study published in 2011 in Cambridge University's journal *Public Health Nutrition* followed 1,888 people age 65 or older and found that people who cooked at home for about 5 times per week were 47% more likely to be alive after the 10-year study concluded.<sup>1</sup>

### Grow Your Relationships

Eating together is fun! One of life's greatest pleasures is sharing good food with someone you love, either in a romantic relationship, or simply a family member or friend. It can also help you live longer. A 20-year Mayo Clinic study of 4,000 seniors showed that those who engaged in ongoing social activities as they aged generally lived longer.<sup>2</sup>

If you have a family with children, over the past 15 years researchers have confirmed what parents have known for a long time: sharing a family meal is good for the spirit, the brain and the health of all family members. Recent studies link regular family dinners at the dinner table (not at the TV) with many behaviors that parents strive for: lower rates of substance abuse, teen pregnancy and depression, as well as higher grade-point averages and self-esteem. Studies also indicate that dinner conversation is a more potent vocabulary-booster than reading, and the stories told around the kitchen table help our children build resilience. The icing on the cake is that regular family meals also lower the rates of obesity and eating disorders in children and adolescents. What else can families do that takes only about an hour a day and packs such a punch?<sup>3</sup>

For more on this, see the post *Benefits of the Dinner Table Ritual* in the Lifestyle section of [www.acera.org](http://www.acera.org).



# What is ACERA Doing to Sustain Retiree Health Benefits?

Each year, ACERA receives a report from our actuaries that projects the lifespan of the Supplemental Retiree Benefit Reserve (SRBR). The SRBR is the fund that provides eligible retirees benefits for medical, dental, vision, Medicare Part B, Supplemental COLA, and lump sum death benefits. ACERA staff analyzes the SRBR report to provide annual recommendations to the Board of Retirement that will promote the sustainability of these benefits.

In 2012, the SRBR benefits were at the brink of falling below our sustainability standards, while at the same time, some of our Medicare healthcare plans were becoming unsustainable. To solve this problem, we eliminated two expensive group plans for Medicare-eligible retirees, and replaced them with much more affordable individual plans through a private Medicare exchange, now called OneExchange. The premium for the more expensive group plan was \$493 per month, and that's not including a likely annual cost inflation increase of 5-10%. After analyzing the cost for coverage through OneExchange over the first year, the average cost per retiree was \$215 per month. This resulted in savings of over half the previous cost, providing a total savings of \$2.5 million for 2013. A similar cost reduction will be realized every year going forward (but depending on future enrollment and Medicare plan costs).

Due to this savings, plus the \$72.2 million increase to the SRBR in 2013, our actuary raised its annual projected sustainability of the SRBR to 18+ years, from 15 in their preliminary report for 2014.

For the most part, retirees experienced the same level of medical plan coverage. Over 90% of enrollees had more than sufficient amounts to cover costs reimbursed for premiums and co-pays provided by ACERA's Monthly Medical Allowance.

## We Won't Offer an Exchange Option to Early Retirees for 2015

For our non-Medicare eligible retirees (usually under age 65), we researched the possibility of providing a private health insurance exchange option, and conducted an RFP to gather responses and information from exchange firms. Unfortunately, we found that the market for early retiree exchanges is still too early in its developmental stage for ACERA to be sure our members have access to affordable, quality coverage. However, eligible early retirees will still be able to enroll in our group plans and continue to receive subsidies if eligible. ACERA will continue to monitor the private exchange market for potential future coverage.

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31							
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<b>October</b>							
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12	13	14	15	16	17	18	
19	20	21	22	23	24	25	
26	27	28	29	30	31		

**August 21** Retirement Board Meeting | 2:00 PM

**August 29** Check & Direct Deposit Payable Date

**September 11** Medicare Transition Seminar | 9:30 AM- Noon

**September 18** Pre-Retirement Seminar | 9:00 AM - Noon

**September 18** Retirement Board Meeting | 2:00 PM

**September 30** Check & Direct Deposit Payable Date

**October 9** Mid-Career Seminar | 9:30 - Noon

**October 16** Retirement Board Meeting | 2:00 PM

**October 31** Check & Direct Deposit Payable Date

Retirement Board Meetings are on the third Thursday of each month.  
C.G. "Bud" Quist Board Room 10th Floor; 2:00 PM.

**Website: [www.acera.org](http://www.acera.org) | Telephone: 510-628-3000 | 1-800-838-1932**

All seminars are held at ACERA, 475 14th Street, 11th Floor, Oakland.

To register, visit [www.acera.org](http://www.acera.org) and click on Retirement Planning Seminars in the Events menu. Guests welcome.



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