



FALL 2009

WHAT'S UP?

NEWS FOR ACERA MEMBERS



ACERA, at Your Service

In uncertain times, it's a reassurance to be a member of an organization you can count on, that provides more services to its members than any other mid-size California county retirement system. This is what we discovered from our recent benchmarking survey, which is a questionnaire we sent to other similarly-sized public retirement systems in California to gauge how our system compares. We offer more services to our members than any of the nine systems that responded. Are you aware of all the services ACERA makes available to you?

Call Center—ACERA is unique among survey respondents in that we not only operate a Call Center that is staffed by three full-time ACERA agents who are dedicated to the Call Center, but we also monitor our level of service in real time. Our goal is to answer over 90% of calls within 30 seconds. For 2008 and 2009 we've averaged 95%. Feel free to give the Call Center a ring from 8:30 a.m. to 5 p.m. on business days for an answer to even your most perplexing retirement system questions. Call 1-800-838-1932 and press 1.

Retirement allowance estimates—Wondering what your monthly allowance might be after you retire? Try our online Benefit Estimate Calculator at www.acera.org. For an official estimate, fill out the Retirement Estimate Request Form in the Downloads section of the website, and mail it to us.

Retirement counseling—In the two months before your retirement, we recommend you meet with an expert ACERA Retirement Specialist (RS) for an individual counseling session. The RS will provide you with estimates of your **(continues)**

(continued from cover page)

monthly retirement allowance and a wealth of information you need to have a happy retirement. Schedule a counseling session by calling 1-800-838-1932 and holding for the receptionist.

Benefits Facilitator—ACERA's Benefits Facilitator helps members achieve resolution on issues they're having with their retirement allowance, retirement health plans, health plan billing, Medicare, and social security. The Benefits Facilitator also provides information on retirement allowance tax issues, wills, trusts, as well as organizations and services that are available to seniors.

Active/Deferred Member Statements—Similar to your annual social security statement, ACERA provides you with an annual Active/Deferred Member Statement that details your individual membership information including your account balance, who you've designated as beneficiaries, and retirement allowance estimates for your financial planning.

Seminars—Each year, ACERA holds numerous mid-career and pre-retirement seminars for active members, to help you understand how the system works and plan for retirement. This year we added retiree educational seminars with presentations on preventing identity theft, choosing a retirement health plan, and navigating the transition to Medicare. Check the calendar on the back of this newsletter for the next seminar dates.

Communications—ACERA keeps you up-to-date with more types of communications than any other county system in our class. In addition to our website, we publish this quarterly newsletter which is sent to all 20,000 members; we provide retirement system handbooks to all members, including the new

Retired Members Benefits Handbook; we mail an annual financial report to all members; and much more.

Service purchases/redeposits—To maximize the amount of service credit you have when you retire, you may purchase eligible service credit such as unpaid medical leave and uncredited part-time service. If you terminated a prior



membership and withdrew your contributions, you may redeposit that amount, plus interest. Maximizing your service credit maximizes your monthly retirement allowance. For a cost estimate, fill out a Purchase Request Form in the Downloads section of www.acera.org.

Service credit audit—To ensure that we've got all of your service on our books, ACERA staff will carefully audit your service credit upon your request or just prior to your retirement.

Establishment of reciprocity—If you worked for another public agency in California, or you plan to in the future, you may be able to link the retirement systems together. Reciprocity gives you retirement portability, ensures you receive the maximum retirement allowance that you earned, and prevents you from paying more than your share into the system.

Legal help with wills, trusts, power of attorney, and divorces—Following many of our seminars, ACERA's expert attorneys hold hour-long seminar post-sessions to present detailed information and answer all of your

questions on wills, trusts, powers of attorney, and divorce. Check the Seminars page at www.acera.org for the next post-session dates. For immediate answers to your questions on divorce, read the publication *Divorce and ACERA Benefits* on the Downloads page of the website.

Disability retirement help—If you become disabled, ACERA's

Disability Unit will walk you through the disability retirement eligibility requirements and the application process.

Open Enrollment—Each year, ACERA prepares an Open Enrollment packet for retired members to serve as a guide through the November Open Enrollment process. The packet includes the Retired Member Annual Statement, which provides a comparison of the current year's health, dental, and vision plan premiums to the next plan year's premiums to assist retirees in determining any out of pocket costs. The packet also contains the ACERA Enrollment and Health Plan Brochure which contains health plan design information.

Health Fair—Just before Open Enrollment each year, ACERA holds a Health Fair featuring presentations by health plan vendors and ACERA staff. This gives retirees the opportunity to ask questions about Open Enrollment and the OE packets.

For more information on any of the services ACERA provides, visit www.acera.org or call 510-628-3000 or toll free at 1-800-838-1932.

Dear Members,

Maybe it's just my imagination, but it seems like 2009 has gone by very quickly. It has been a very eventful year, starting with continuing investment losses in January and February. Thankfully, the bleeding stopped in March, and since then ACERA has earned over \$1 billion to end the third quarter with a market value of assets of \$4.5 billion.

While this is obviously good news, the future remains somewhat problematic. Many residential and commercial mortgages may yet default, retail and wholesale purchasing is weak, and unemployment remains unacceptably high.

In the face of this uncertainty and the very real structural finance problems facing government at every level in California, the ACERA Board has adopted a prudent and conservative approach to ACERA's business.

Investment losses are being recognized over a five year period and amortized over a fixed, declining schedule. Employer contribution rates are, unfortunately, being raised to maintain adequate and actuarially sound funding. Aggregate employer contribution rates to ACERA will nearly double over the next five years unless the economy recovers very strongly, very quickly.

Political pressure continues to grow to reduce or eliminate public pension benefits. These systems have proved they can survive consecutive, historically unprecedented economic disruptions while continuing to provide promised benefits when due. In spite of this, it is likely that benefits for new hires in many public agencies will be much less than those enjoyed by current employees.



Charles F. Conrad

Charles F. Conrad
Chief Executive Officer

In the second quarter of 2009, upon completion of ACERA's U.S. equity manager structure study, the Retirement Board decided to maintain ACERA's current U.S. equity manager structure. The Board also adopted an amended Strategic Plan and the 2009 Investment Plan for ACERA's real estate portfolio and conducted annual review of the following three real estate managers: AEW Capital Management, Heitman Capital Management, and CIM Urban REIT. With respect to ACERA's PEARLS portfolio, \$11 million was committed to New Enterprise Associates 13, L.P. as part of the Venture Capital allocation and \$20 million was committed to Oak Hill Advisors as part of the Other Alternatives Investments.

For the quarter, every major domestic equity index posted a positive return. The DJIA, S&P500, and NASDAQ returned 12.0%, 15.9%, and 20.1%, respectively. The Barclays Capital Aggregate Bond Index returned 1.8%.

ACERA's total Fund returned 15.9% in the second quarter of 2009 and was ranked in the upper 8th percentile among public funds greater than \$100 million. The Fund outperformed its policy index by 1.0%. Longer term, the three-year gross return of -3.8% and the five-year gross return of 1.9% trailed its Policy Index by 1.6% and 0.7% ranking in the 81st and 56th percentiles, respectively. The market value of the total Fund as of 6/31/09 was \$3,985,182,685.

**NOT FEELING 100%?
WE'RE HAPPY TO RE-SCHEDULE YOU**

During this flu season, ACERA staff are trying to stay healthy so we can continue to process your retirement estimates and allowance payments, and perform our myriad of other services. If you have signs of the flu such as a fever, cough, sore throat, runny or stuffy nose, body aches, headache, or chills, consider rescheduling your pre-retirement counseling session or attending a later seminar. We are more than happy to counsel you over the phone, or re-schedule your counseling session or seminar after you recover.

Investment Returns for 2nd Quarter, 2009*

	2nd Quarter	1 Year	3 Year	5 Year
TOTAL FUND	15.9%	-19.6%	-3.8%	1.9%
Policy Index**	14.9%	-17.6%	-2.2%	2.8%

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

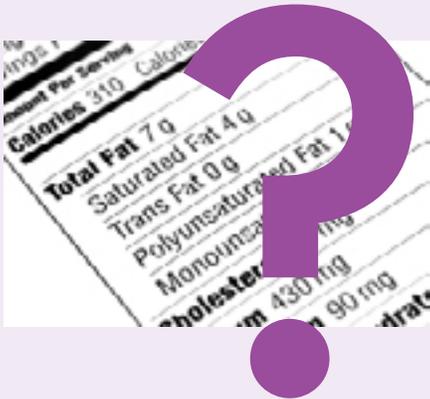
** The Policy Index is 37% Russell 3000/ 18% Barclays Aggregate/ 3.6% Citigroup WGBI - ex U.S./ 2.4% Barclays High Yield/ 23% MSCI AC World - ex U.S./ 6% NCREIF Property Index / 10% Russell 3000 + 150 bps.

Trans Fat is Still Hiding in Your Snacks

Eating trans fat can take years off of your life. And you may be eating it in chips, crackers, and baked goods and not even know it.

Trans fat is created when vegetable or other oils are pumped with hydrogen at high temperatures. This process creates partially hydrogenated oil, an ingredient that lends manufactured foods like cookies and crackers a crispness and prolonged shelf life. Food product manufacturers have used partially hydrogenated oil in packaged food extensively since the 1920s, but scientists have increasingly recommended since the 90's that consumers avoid it due to its harmful health effects.

In its 2002 report based on numerous studies linking trans fat to coronary heart disease, the National Academy of Sciences (NAS) concluded that "the only safe intake of trans fat is 'zero.'" In 2006, a comprehensive review of studies of trans fat that was published in the *New England Journal of Medicine* concluded that, "On a per-calorie basis, trans fats appear to increase the risk of coronary heart disease more than any other macronutrient." Other studies have suggested a link between trans fat consumption and increased risks for cancer, diabetes, Alzheimer's disease, liver dysfunction, obesity, and infertility.



Since 2006, the Food and Drug Administration (FDA), motivated by the NAS report, has mandated that food product manufacturers list trans fat content on their products' Nutritional Facts panels. Manufacturers responded by reducing the amount of trans fat in many of their products so they wouldn't be viewed as unhealthy by consumers. This is where it gets tricky.

The FDA rules for the Nutritional Facts panels that appear on all retail food products allow for rounding; if there is less than half a gram of trans fat in one serving, then the trans fat amount in the panel is rounded down to "0 grams." However, if you look at the ingredients list of many of these "zero trans fat" snack foods, "partially hydrogenated oil" is listed among the ingredients. If hydrogenated or partially hydrogenated oil appears in the ingredients list, and you're eating what's in the package, you're consuming trans fat.

So if you want to live a long, healthy life, make sure you read the ingredients before you purchase or consume a food product to verify that partially hydrogenated oil is not on the list.

RETIREE PAGE

For Your Bookshelf: the *Retired Member Benefits Handbook*

Last October, the Open Enrollment packet you received included an Open Enrollment Guide. This year, we've split that publication in two, and created two new publications. The new Retired Member Benefits Handbook, which will be printed roughly every 5 years, describes infrequently changing information about the benefits you enjoy as a retired member of ACERA.

After you read it, put it on your bookshelf so you can use it in the future as a guide to how your retirement benefits work.

Information that changes year to year based on Open Enrollment is provided as a much smaller ACERA Enrollment and Health Plan Brochure, containing health plan rates and plan design information.

In future years, only the Brochure will be mailed out annually, because health plans change from year to year. Since you will still have the Handbook on your bookshelf from this year, we won't mail it out with Open Enrollment materials for the next few years, until a revised edition is produced. This will save ACERA considerable yearly printing and postage costs, and save substantial amounts of paper and energy.



Retiree Open Enrollment Ends November 30

Open Enrollment is your annual opportunity to consider your benefit needs and options and to make changes if you need to. You can change your medical and/or dental plan elections and add or drop medical, dental, and/or vision coverage for your eligible dependents.

ACERA's Open Enrollment period for the 2010 Plan Year runs from November 1 through November 30, 2009. The elections you make during Open Enrollment are effective February 1, 2010 through January 31, 2011.

If you do not wish to make any change to your healthcare plans for next year, you don't need to take any action; your healthcare coverage will continue unchanged.

However, if you would like to make changes, Open Enrollment Forms to ACERA will be accepted with a postmark date of December 1, 2009. By January 2010, you should receive a confirmation letter validating these changes or enrollments into a plan.

ACERA's Open Enrollment Packet was mailed to all ACERA retirees and beneficiaries the week of October 23. If you have not received your Packet, please call and let us know.

You can contact ACERA with questions about Open Enrollment at 1-800-838-1932.

S	M	T	W	T	F	S
NOVEMBER						
1	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
DECEMBER						
29	30	1	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	JANUARY	
1	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			
1	2	3	4	5	6	7
8	9	10	11	12	13	14

ACERA Calendar

■ 2009-10 PRE-RETIREMENT PLANNING SEMINARS

November 5 & 12, December 3, January 7; 9:30-12:00

□ NEW MEMBER SEMINAR

January 14; 9:30-12:00

○ RETIREE EDUCATIONAL SEMINARS

November 19, January 26, 9:30-12:00, Medicare Transition

All seminars 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.

■ 2009 CHECK MAILING DATES

November 25, December 30, January 28

■ 2009 RETIREMENT BOARD MEETINGS

November 19, December 17, January 21

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

Take a self-guided online Pre-retirement Planning seminar at <http://www.acera.org/membership/seminars/active/seminar.pdf>

WEBSITE: WWW.ACERA.ORG

TELEPHONE: 510-628-3000

TOLL-FREE: 1-800-838-1932

PRESORTED STANDARD
U.S. POSTAGE
PAID
Oakland, CA
PERMIT NO. 3729

BOARD OF RETIREMENT
Elizabeth Rogers, Chair
Dale E. Amaral
Ophelia B. Basgal
Annette Cain-Darres, First Vice Chair
Keith Carson
George Dewey
Liz Koppenhaver
David M. Safer, Alternate Retiree
Darryl L. Walker, Alternate Safety
Donald R. White
George Wood, Second Vice Chair

CHIEF EXECUTIVE OFFICER
Charles F. Conrad

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
475 14th Street, Suite 1000
Oakland, California 94612-1900

