



# WHAT'S UP?

WINTER 2009

NEWS FOR ACERA MEMBERS

## Choosing Your Retirement Date

**Y**ou may have heard some of your coworkers say that April 1 is a good day to retire. This is sometimes true as every year on April 1 the annual Cost of Living Adjustment (COLA) is posted to ACERA retirees' accounts, which typically increases their monthly retirement benefit check. But COLA is just one of several factors you should consider in choosing your retirement date.

### **Birthday & Age**

One thing to consider when choosing a retirement date is your birthday. Age is one of the factors multiplied in the formula that determines your retirement benefit. Each quarter year of your age will lead to a higher benefit—up to age 50 for Safety Members (regardless of your Tier status), age 62 for Tier I General Members, and age 65 for Tier II General Members.

**Example** Imagine you are a 58-year-old Tier II General Member considering retiring on your birthday, April 6, 2009. If you retire on July 6, 2009, one-quarter year later, your age factor in the retirement formula will be higher, resulting in a higher benefit over your lifetime. If you retire on July 5, you will miss out on that increase in benefit. So be sure to consider these quarter-age days when choosing your retirement date.

### **Cost of Living Adjustment (COLA)**

COLA is a vested benefit, which means it is guaranteed under California's 1937 Act County Employees Retirement Law. Calculated each year based on the Consumer Price Index (CPI) for the San Francisco

Bay Area, the COLA is also determined by the Tier you belong to. Tier I members (those who entered the retirement system prior to July 1, 1983) can receive a COLA from 0% to 3% each year. Tier II members (those who entered the retirement system on or after July 1, 1983) can receive a COLA from 0% to 2% each year.\*

The COLA is posted on April 1 each year. If you retire on March 1, December 1, or any other day of the year, you will receive the same COLA on the next April 1 as another member in the same tier who retires precisely on April 1. However, if you retire on April 2, you won't receive a COLA until the following April 1, and you will receive it every year thereafter for your lifetime.

### **Service Credit**

Service Credit is another multiplier in the retirement benefit formula. In general, you **(continues)**

\*Housing Authority and LARPD do not offer Tier II Membership.

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earn an hour of credited service for each hour you work fulltime in an ACERA-covered job. So each hour worked increases your retirement benefit.

**Age, COLA, and Service Credit**

Here's a comparison of how each additional factor in the retirement calculation may increase your benefit:

**Potential Monthly Benefit Increase**

**Each quarter year of age (up to the maximum age):** 0.5% to 1.5% depending on age and Tier

**Each year's COLA:** Up to 2% or 3% depending on Tier and CPI

**Service credit:** Varies. Example: A 20-year employee would increase his or her benefit 1.25% by working an extra 3 months.

**Planning to Retire**

Each ACERA member has an individual retirement planning situation. If you are planning to retire in the next four years, we recommend attending one of our pre-retirement seminars. To view the seminar schedule online, please visit [www.acera.org](http://www.acera.org) and click on Retirement Seminar Information.

If you plan to retire in the next 60 days, we recommend scheduling a retirement counseling session. Your ACERA retirement specialist can give you an accurate estimate of your retirement benefit and help you choose an optimum retirement date. You may submit your retirement application up to 60 days before your retirement date, but it must be submitted on or before your retirement date.

Call ACERA to sign up for a seminar or to schedule a retirement counseling session at 510-628-3000 or toll free at 800-838-1932.

For more information about age factors, service credit, and the retirement benefit formula, check your *ACERA Member Handbook*. To view the *Member Handbook* online, visit [www.acera.org](http://www.acera.org) and click on Downloads.

Extend your life and lifetime benefit—

tips for living well before and after retirement

**STRENGTH TRAINING FOR EVERYONE**

**S**trength training is one of the most dramatic things you can do to increase your overall health. It includes such an enormous variety of exercises—bodyweight exercises, resistance machines, free-weight training—that nearly everyone can find a program that fits their schedule, budget, and fitness level. Here are some compelling reasons to find a program that fits you. Be sure to get your doctor's approval before beginning any exercise program.

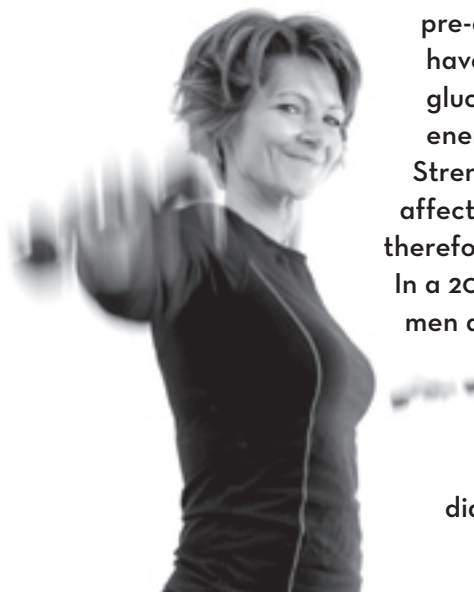
**Keep your heart healthy** A Harvard study of 44,452 men from 1986 to 1998 showed that those who strength train over 30 minutes per week reduce their risk of cardiovascular disease by 30%. The American Heart Association now recommends strength training to reduce the risk of heart disease and as a therapy for patients in cardiac rehabilitation programs.

**Strengthen bones** Stressing your bones causes them to grow denser and stronger. A 1994 study by Tufts University of post-menopausal women ages 50 to 70 showed that strength training prevents bone loss while preserving and even increasing bone density, which decreases the risk of bone fracture.

**Control weight** Strength training burns roughly 75 to 300 calories for a 30-minute workout. A 2001 University of Wisconsin study showed that it also increases your metabolic rate for hours after working out, so you'll burn more calories in less time right after a workout. And when you expend energy throughout the day, your muscle burns more calories than your fat—the more muscle you gain, the more efficiently you'll burn calories and the more quickly you'll lose fat.

**Keep your mind healthy** Strength training improves your self-confidence and decreases the risk of depression. The Centers For Disease Control and Prevention has stated that “strength training provides similar improvements in depression as anti-depressant medications.”

**Control glucose** Americans with diabetes (8% of the population) and pre-diabetes (16% of the population) have a reduced ability to process glucose, the simple sugar, used for energy, that you get from food. Strength training can significantly affect your ability to control glucose and therefore to manage or prevent diabetes. In a 2006 Tufts University study of 62 men and women with Type II diabetes, those completing 16 weeks of strength training dramatically improved their glucose control; 72% were able to reduce their diabetes medications.



# message from the CEO

Dear Members,

On behalf of the Board of Retirement and the entire staff at ACERA, I would like to wish each of you a happy, healthy and prosperous New Year!

The year began with a new President of the United States and high hopes for a swift return to economic stability. That return, however, may proceed too slowly for many of us. We can expect government at all levels to feel more budget pressure as unemployment continues to rise and tax revenues decline.

Our sense of personal wealth often derives from the current value of our homes, from our investment or savings accounts, and from our ability to borrow money and make purchases for ourselves and our families. Although we know that some assets, like gold, art, diamonds, and houses, are only worth what someone will pay for them, we tend to expect income-producing assets like retirement funds to increase steadily in value. ACERA's portfolio may have recently dropped in value, but it will recover.

*Charles F. Conrad*

Charles F. Conrad  
Chief Executive Officer



## BOARD ELECTION RESULTS

**Congratulations to George Wood! On December 18, 2008, Mr. Wood was elected to ACERA's Board of Retirement as the Third Member representing the General Members. He will serve the remainder of Trevor White's term (ending 12/31/10). Earlier this year, Mr. White resigned as the Third Member on the Board because he was appointed to the Superior Court of Contra Costa County.**

### Third Seat, General Members' Representative

Eligible Voters	11,049	
Ballots Counted	3,088	
George Wood	1,545	50.03%
Darryl Gray	968	31.35%
Diane Lyles	569	18.43%
Write-in Candidate	6	0.19%

## investment performance

In the third quarter of 2008, the ACERA Board adopted a new U.S. equity manager structure that includes Bivium as ACERA's first emerging investment Manager-of-Managers and eliminates the Large Cap Enhanced Core manager role filled by Salus Capital Management, Inc. In addition, the Board authorized a search for a U.S. Large Cap growth equity manager and adopted the proposed search criteria, timeline, and evaluation matrix. The Board also adopted the Private Equity and Alternatives Return Leading Strategies (PEARLS) Policy, which governs the 10% target allocation to the newly established Private Equity and Alternatives asset class. In November 2008, the Board funded ACERA's first private equity fund, Great Hill.

Every major domestic equity index and bond index posted a negative return. The DJIA, S&P500, and NASDAQ returned -3.7%, -8.4%, and -8.8%, respectively. The Lehman Aggregate Bond Index returned -0.5%.

ACERA's total Fund returned -10.7% and was ranked in the 91st percentile among public funds greater than \$100 million. The Fund underperformed its Policy Index by 1.6%. Longer term, the three-year gross return of 1.9% and the five-year gross return of 6.6% trailed its Policy Index by 1.4% and 0.7%, ranking in the 65th and 50th percentiles, respectively. As of 9/30/08, the market value of the Fund was \$4,526,989,499.00.

For more information, including ACERA's current investment performance, visit [www.acera.org](http://www.acera.org).

## Investment Returns for 3rd Quarter, 2008\*

	3rd Quarter	1 Year	3 Year	5 Year
TOTAL FUND	-10.7%	-18.3%	1.9%	6.6%
Policy Index**	-9.1%	-14.9%	3.3%	7.3%

\* 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 41% Russell 3000/ 21% Lehman Aggregate/ 4% Citigroup WGBI - ex US/ 3% Lehman High Yield/ 22% MSCI AC World - ex US/ 9% NCREIF Property Index.

# RETIREE PAGE

## How does the Delta Dental Buy-Up Plan work?

**S**ome ACERA members who are enrolled in the Delta Dental PPO Plan have also enrolled in the Delta Dental Buy-Up Plan. The PPO Plan has a maximum annual benefit of \$1,200 for in-network dentists that can be paid out for covered dental procedures from February 1 to January 31. The Buy-Up Plan will add an additional \$300 maximum annual benefit, for in-network dentists only. The annual maximum benefit for out-of-network dentists is \$1,000. Note, however, that the Buy-Up plan does not cover procedures done by out-of-network dentists.

You may enroll in the Delta Dental Buy-Up plan during open enrollment in November or when you have a qualifying event during the year. For more information, please see the 2009 Benefit Plans and Enrollment Guide online at [www.acera.org](http://www.acera.org); click on Downloads.

The table below contains examples of how much you would pay under the Buy-Up Plan for four common procedures after the Delta Dental PPO Plan has already paid out your \$1,200 maximum for the year. The Buy-Up Plan does not increase the limits for how often you may have dental procedures.

Procedure provided AFTER Delta Dental PPO Plan has paid your \$1,200 annual maximum	In-Network Dentist's Fee	You Pay	Remaining in your Buy-Up Plan benefit for the year
		Buy-Up Plan Pays (Your additional Buy-Up Plan annual maximum benefit is \$300)	
Adult cleaning <sup>†</sup>	\$65	<b>You pay \$0</b>	\$300 - \$65 = \$235
		Buy-Up Plan Pays 100%: \$65	
Oral examination <sup>†</sup>	\$50	<b>You pay \$0</b>	\$300 - \$50 = \$250
		Buy-Up Plan Pays 100%: \$50	
Porcelain/gold crown on a molar tooth <sup>††</sup>	\$800	<b>You pay \$500</b>	\$300 - \$300 = \$0
		Buy-Up Plan Pays 60% (\$480) or up to \$300, and you are responsible for the balance of \$500	
Full upper denture <sup>††</sup>	\$1,100	<b>You pay \$800</b>	\$300 - \$300 = \$0
		Buy-Up Plan pays 60% (\$660) or up to \$300, and you are responsible for the balance of \$800	

<sup>†</sup> Cleanings and Oral Examinations are limited to two (2) per calendar year under the combination of the Core Plan and Buy-Up Plan.

<sup>††</sup> Crowns and Dentures are limited to replacement for the same crown or denture once every five (5) years under the combination of the Core Plan and Buy-Up Plan.

Note: Fees for services that exceed any Plan Limitation or Exclusion are the patient's responsibility. Fees displayed are examples only; actual fees will vary.

**Your dentist may need the group number of the Buy-Up Plan for billing. It is 703-0003.**

## 2008 Lunch & Learn Seminar Q&A

**A**CERA's first Lunch & Learn Seminar focused on the three medical carriers that offer coverage to ACERA retirees: Anthem Blue Cross, Kaiser Permanente and PacifiCare/United Healthcare. Here are some of the top questions that were asked. For more on the Q&A, please visit [www.acera.org](http://www.acera.org).

### Anthem Blue Cross

- Q. Does Blue Cross have coverage outside of California under the County Plan?
- A. Alameda County offers only the BC HMO Plan. Except for temporary absences, you must reside in California to be covered under this plan.
- Q. Is a Blue Cross plan available through the County for those over age 65?
- A. No. Alameda County (the contract holder) only offers Blue Cross for members under age 65.

### Kaiser

- Q. Can I email any Kaiser doctor through the Kaiser website?
- A. Yes. When you register and log on as a Kaiser member, you can email any Kaiser doctor, not just your primary doctor.
- Q. When accessing my account on the Kaiser website, is my password secure?
- A. Yes. All member passwords are secure, even from one's spouse.
- Q. Can I get coverage for chiropractic services?
- A. As long as you go to a chiropractor in the Kaiser network, you get approximately a 25% discount.

### PacifiCare/United Healthcare

- Q. I'm in an over-age-65 plan. If I get medical services outside the coverage area or outside the U.S., are only services that are covered going to be reimbursed?
- A. With the MedicareComplete Retiree Plan (Medicare Advantage Plan), you are only covered in California. There is coverage worldwide for Emergency Services, although upfront payment is required. With the PacifiCare Retiree Senior Supplement Plan you may use any doctor that accepts Medicare. You also have out-of-state coverage.
- Q. Are there any plans available in Nevada?
- A. MedicareComplete Retiree Plan (Medicare Advantage Plan) contracted by the County is only available in California. The PacifiCare Retiree Senior Supplement Plan covers all states.
- Q. What's the difference between United Healthcare RX and Prescription Solutions?
- A. United Healthcare is the name of the prescription drug plan. Prescription Solutions is the name of the pharmacy company, a wholly owned subsidiary of United Healthcare.
- Q. Could I be charged for some emergency services at the time services are rendered?
- A. Yes. Please see your plan summary for more information.

## Cost of Living Adjustment (COLA)

Cost of Living Adjustments (COLA) are made to retirees' monthly retirement payments every April 1, in accordance with the 1937 Retirement Act. The annual Consumer Price Index (CPI), the most common measure of inflation, determines the amount of the COLA. The maximum COLA allowed by statute is 3% for Tier I members and 2% for Tier II members. If the 2009 COLA exceeds the maximum allowed by statute, the difference will be banked for future years.

The Supplemental Cost of Living Adjustment (Supplemental COLA) is a non-vested benefit authorized annually by our Board of Retirement to help long retired members keep up with inflation. If authorized, eligible retirees who have banked amounts of more than 15% will receive the Supplemental COLA. Last year on April 1, 2008, Tier I members who retired prior to April 1, 1982 and Tier II members who retired prior to April 1, 1991, were eligible. This year on April 1, 2009 these eligibility dates may change based on the new CPI.

Cost of living increases will be processed with the April 2009 monthly payroll and will be reflected in April 30 retirement checks. In March, ACERA will mail the 2009 COLA amounts to all retirees. They will also be published in the spring issue of *What's Up* and on [www.acera.org](http://www.acera.org).

S	M	T	W	T	F	S
FEBRUARY						
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
MARCH						
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	APRIL			
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	MAY	
3	4	5	6	7	8	9
10	11	12	13	14	15	16

# ACERA Calendar

## ■ 2009 PRE-RETIREMENT PLANNING SEMINARS

February 5, March 5, April 2;  
9:30-11:30 a.m.

## ■ 2009 MID-CAREER PLANNING SEMINARS

March 12, May 7; 9:30-11:30 a.m.

## ○ POST SESSIONS

February 5: Impact of Divorce on ACERA Benefits

March 12: Impact of Divorce on ACERA Benefits

May 7: Wills, Trusts, and Powers of Attorney

*All seminars are held in the ACERA Training room, 475 14th Street, 11th 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

February 26, March 30, April 29

## ■ 2009 RETIREMENT BOARD MEETINGS

February 19, March 19, April 16

*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**

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Charles F. Conrad

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