



Delta Breeze

Health Care Reform Act

Though the Health Care Reform Act has moved off the front pages due to earthquakes, volcanoes, and oil spills, SJERA knows Health Care is a very important subject to our members. We searched a few websites and networked with other departments in order to provide the following limited information on this reform known as the Patient Protection and Affordable Care Act.

On March 23, 2010, President Obama signed the Patient Protection and Affordable Care Act (PPACA) into law. On March 30, 2010, the President signed into law the Health Care and Education Reconciliation Act (HCERA, also known as the “budget reconciliation bill”), which contains a package of significant amendments to the PPACA.

The Act includes many provisions that have staggered effective dates, some of which will occur within the next few months while others will occur in later years up to the year 2020. Below are key provisions that will take effect within the next two years. This information was extracted from the website of **HealthReform.gov** (<http://www.healthreform.gov/reports/keyprovisions.html>).

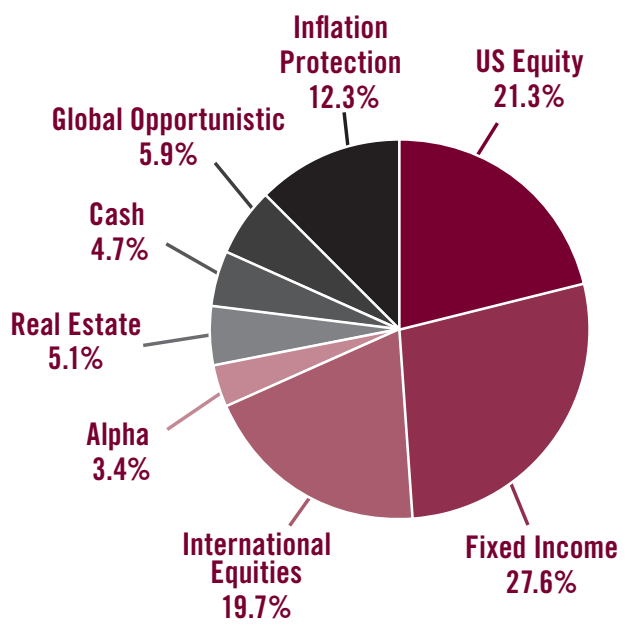
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Fund Performance

Asset Allocation as of December 31, 2009: \$1.73 Billion Under Management



Funding for the San Joaquin County Employees' Retirement Association comes from three major sources: **member contributions, employer contributions and investment income**. In 2009, approximately **4.38%** of total income was from active member contributions, **34.35%** from employer contributions, and **61.27%** from investment income. Thus, asset growth is primarily driven by the investment returns earned by investment managers hired by the Board of Retirement.

Each quarter, the Board of Retirement, along with its investment consultants, performs a thorough review of each investment manager's performance as measured against the appropriate benchmark for the asset class and the manager's peer group. The Board assumes an 8% annual return for the long-term funding of the plan's liabilities. Years in which the fund earns more than 8% help to offset shortfalls in years when the fund earns less than 8%.

Return on investments for last year were greater than expected. **Overall the fund earned 14.7% in calendar year 2009.** Domestic and Non-US equity outperformed fixed income and real estate. The total fund annualized five and ten-year returns are 0.7% and 3.8% respectively.

RETURNS FOR 4TH QUARTER 2009 (GROSS OF FEES)

SJCERA	4th Qtr	1 yr	3 yr	5 yr	10 yr
Total	1.5%	14.7%	-5.4	0.7%	3.8%
Domestic Equity	4.2%	28.7%	-7.6%	-1.2%	2.8%
International Equity	2.3%	37.9%	-2.2%	6.3%	2.1%
Fixed Income	1.7%	17.7%	3.3%	3.7%	6.3%
Real Estate	-6.7%	-48.3%	-26.4%	-10.4%	N/A
Indices	4th Qtr	1 yr	3 yr	5 yr	10 yr
Russell 3000	5.9%	28.3%	-5.4%	0.8%	-0.2%
MSCI ACWI Ex-US	3.8%	42.2%	-3.0%	6.3%	3.1%
Barclays Aggregate	0.2%	5.9%	6.0%	5.0%	6.3%
NAREIT Equity	9.4%	28.0%	-12.4%	0.4%	10.6%

Board of Retirement Elections

Congratulations to your newly elected Board of Retirement Trustees.

» **Captain Dave Souza** will continue to serve as the Safety (Seventh) Member of the Board, having run unopposed in a recent election for the three-year term ending June 30, 2013.

» **Lawrence Mills** will fill the Retired (Eighth) Member position of the Board beginning May 25, 2010, having also run unopposed in a recent special election to fill the remaining term of this vacant position through June 30, 2012. Mr. Mills

now vacates the Alternate Retired Member of the Board. A Special Election will be required to fill the remaining term of this position through June 30, 2012.



From the CEO...

SJCERA ended calendar year 2009 with earnings on its total portfolio of 14.7%. Coming off the significant lows of 2008 (down 30% for the year), the equity market rally in 2009 was welcome and needed. With the first quarter of 2010 now past, it appears this year may not be as bad as 2008, nor as good as 2009. It seems investors and markets are anxious for good news wherever it can be found. Economic forecasts have been cautiously optimistic, but high unemployment, reduced consumer spending, excess production capacity, slow growth, global debt crises, and natural disasters make the road to recovery look like a long, uphill climb.

As America's households and corporations continue to reduce debt and cut expenses, the federal government has dramatically increased spending and national debt. State and local governments with ever-declining revenues and depleted reserves must make significant cuts in spending. In many jurisdictions, this means public employees will be laid off, which will negatively impact the level and quality of services provided to the public. California is among several states considering legislation to alter public employee pension plans. Several local governments are negotiating lower-cost benefit structures for new hires and SJCERA is closely monitoring the implications of these changes on future benefits for public employees.

In March, Congress passed and the President signed into law sweeping health care reform. Health care and insurance is a major concern for all individuals, and a significant expense for our retirees. Though we don't have all the answers, our cover story highlights just a few of the many facets of this new law that will impact our nation for years to come. There are a multitude of provisions with phased-in effective dates that will affect businesses, insurers, medical care providers, and individuals. As those dates draw nearer, it is expected that further information and guidance on the specific intent and implementation of the new law's provisions will become available.

There are many challenges ahead for SJCERA, our participating employers, and our members. The Board of Retirement and SJCERA staff work diligently to find the opportunities amid the challenges to prudently invest fund assets, manage the system for the exclusive benefit of the members and their beneficiaries, and enhance communications with our members.

Annette St. Urbain
Chief Executive Officer

Annual Member Statements – Website Benefit Calculator

About the time you receive this issue of the Delta Breeze, SJCERA's active members can expect to receive in their Annual Member Statement of contributions and service credit as of the end of 2009. When you receive your Annual Statement, please review it carefully to confirm:

- » We have your correct date of birth. If not, please contact the Human Resources Department to correct your date of birth.
- » Does the statement show that proof of your age is on file with SJCERA? If not, please submit a certified copy of your birth certificate to SJCERA.
- » Have you designated a beneficiary and is the beneficiary information current? If you need to designate or update your beneficiary information, please complete the *Beneficiary Designation* form and submit it to SJCERA. This form is available on our website at www.sjcera.org, or contact our office to request it.

Back by popular demand, we have again included an estimate of your future service retirement benefit from SJCERA in your Annual Member Statement.

We also have a more flexible benefit calculator on our website to assist you in estimating our retirement benefit for various projected retirement dates and final average salary of your choosing. If you haven't already gone to the SJCERA website – www.sjcera.org and click on **Benefit Calculator** to give it a try.

The Benefit Calculator provides explanations and a sample calculation to assist you in using this tool. Enjoy exploring various retirement scenarios and planning for that day when your alarm clock will be in "permanent" snooze mode!

Health Care Reform Act *(Continued from page 1)*

Effective June 21, 2010

HELP FOR UNINSURED AMERICANS WITH PRE-EXISTING CONDITIONS UNTIL EXCHANGE IS AVAILABLE

(INTERIM HIGH-RISK POOL)—Provides access to affordable insurance for Americans who are uninsured because of a pre-existing condition through a temporary subsidized high-risk pool.

Effective September 23, 2010

NO DISCRIMINATION AGAINST CHILDREN WITH PRE-EXISTING CONDITIONS

—Prohibits new health plans in all markets plus grandfathered group health plans from denying coverage to children with pre-existing conditions. (Beginning in 2014, this prohibition would apply to all persons. Beginning in 2010 a national high-risk pool will be established for individuals who have been uninsured for six months and have a pre-existing condition.)

ENDS RESCISSIONS—Bans insurance companies from dropping people from coverage when they get sick.

EXTENDS COVERAGE FOR YOUNG PEOPLE UP TO 26TH BIRTHDAY THROUGH PARENTS' INSURANCE—Requires new health plans and

certain grandfathered plans to allow young people up to their 26th birthday to remain on their parents' insurance policy, at the parents' choice.

HELP FOR EARLY RETIREES—Creates a temporary re-insurance program (until the Exchanges are available) to help offset the costs of expensive premiums for employers and retirees for health benefits for retirees age 55-64.

FREE PREVENTIVE CARE UNDER NEW PRIVATE PLANS—Requires new private plans to cover preventive services with no co-payments and with preventive services being exempt from deductibles.

BANS RESTRICTIVE ANNUAL LIMITS ON COVERAGE—Tightly restricts the use of annual limits to ensure access to

needed care in all new plans and grandfathered group health plans.

BANS LIFETIME LIMITS ON COVERAGE—Prohibits health insurance companies from placing lifetime caps on coverage.

NEW, INDEPENDENT APPEALS PROCESS—Ensures consumers in new plans have access to an effective internal and external appeals process to appeal decisions by their health insurance plan.

HEALTH INSURANCE CONSUMER INFORMATION—Provides aid to states in establishing offices of health insurance consumer assistance in order to help individuals with the filing of complaints and appeals.

Effective on or after January 1, 2011

FREE PREVENTIVE CARE UNDER MEDICARE—Eliminates co-payments for preventive services and exempts preventive services from deductibles under the Medicare program.

BEGINS TO CLOSE THE MEDICARE PART D DONUT HOLE—Provides a \$250 rebate to Medicare beneficiaries who hit the donut hole in 2010. (Beginning in 2011, institutes a 50% discount on prescription drugs in the

donut hole; also completely closes the donut hole by 2020.)

HOLDS INSURANCE COMPANIES ACCOUNTABLE FOR UNREASONABLE RATE HIKES

—Creates a grant program to support States in requiring health insurance companies to submit justification for all requested premium increases, and insurance companies with excessive or unjustified premium exchanges may not be able to

participate in the new Health Insurance Exchanges. Starting in plan year 2011.

EMPLOYER W-2 REPORTING—Employers will be required to report the value of the benefits provided by the employer for each employee's health coverage on the employee's annual W-2. The first set of these W-2 forms will be due in 2012, reflecting coverage provided in 2011.

SJCERA provides seminars each year to assist our members in preparing for retirement.

The “**About to Retire**” seminar, presented in February and September, is designed for SJCERA members who plan to retire in the next two years. Topics covered in this half-day session include:

- » **SJCERA Retirement Benefits:**
 - » Board of Retirement and SJCERA Administration
 - » Service Retirement – eligibility, how to apply, documents you will need to provide, choices you will need to make, etc.
 - » Disability Retirement
 - » Survivor Benefits
 - » Reciprocity with other California public pension plans
 - » Service Purchases for additional retirement credit

- » **Social Security & Medicare**
- » **County Health Benefits for Retirees** – understanding the options and costs of post-retirement medical, dental, and vision coverage
- » **457 Deferred Compensation Program**
- » **Retired Public Employees of San Joaquin County (RPESJC)** – a social and advocacy network for staying connected with fellow retirees and up to date on public policy issues affecting retirees

The next About to Retire seminar will be held September 28, 2010. Refreshments are provided.

The **Mid-Career Retirement Planning** seminar is designed for SJCERA members who are age 40 or older who plan to work another ten years or more before retiring. In addition to the topics described above for “About to Retire,” this day-long seminar includes:

- » **Strategies for Healthy Living and Vitality**
- » **Retirement Financial Planning**
- » **Estate Planning**

The next Mid-Career Retirement Planning seminar will be held on December 2, 2010. Refreshments and lunch are provided.

Location:

All seminars will be held at the Robert Cabral Agriculture Center, at 2101 E. Earhart Avenue, Stockton, CA 95206, with easy freeway access and ample free parking.

Registration:

Active County employees may register through their Department’s training coordinator. Special district employees may contact SJCERA directly to enroll. Spouses are welcome to attend.

Please contact SJCERA at (209) 468-2163 if you have questions.

Leaving County Service? SJCERA is Here for You.

We are living in challenging times. Local governments throughout the state are grappling with sharply reduced revenues and multi-million dollar budget shortfalls. Whether by choice or necessity, if your employment with San Joaquin County or a participating special district ends, SJCERA is here for you. As an active member, you have been contributing to your future and SJCERA has been safeguarding your contributions.

Upon termination of employment, you have four choices regarding the disposition of your retirement contributions on deposit with SJCERA.

1. **Retire, if eligible**
2. **Leave your contributions on deposit with SJCERA**
3. **Defer service retirement to a later date**
4. **Withdraw your member contributions and interest**

When you terminate employment, SJCERA will mail you a packet of information regarding your choices and forms for you to complete and return to us. If you do not respond to SJCERA in writing, your member contributions and interest will remain on deposit with SJCERA and continue to earn interest.

There are many variables to each member’s specific situation. SJCERA is here to answer your questions. If you anticipate leaving covered employment and want more information about how that may impact your future retirement, please give us a call.

FOR RETIREES

Retiree Health Insurance Premiums

For those Retirees that have insurance deducted from your monthly pay, you are already aware that the COLA (*see related article*) provides only a modest offset against this year's increases in the health insurance premiums for County-sponsored retiree health insurance. Premium rate increases for the 2010-2011 plan year range from a low of 4.5% to a high of 17.8%. There are many statistics being bandied about, one of them being that California's health insurance premiums are increasing by a whopping 39%! That percentage applies to the cost of insurance purchased by individuals, rather than group plan coverage in which SJCERA's active members, and many retired members, participate.

While our retiree's health premium rates have indeed risen, they are not, to quote Health & Human Services Secretary Kathleen Sebelius: as "jaw dropping" as the individual plans in California. The County does recognize the increase is still much higher than the cost of living. This year the County reached out to the major insurance companies to increase the number of insurance options and to, hopefully, have more competitive rates while maintaining our coverage. Unfortunately, the responses did not meet the goal of reduced rates and adequate coverage. The County rejected some insurance companies proposals because their rates were higher and the coverage would not have been satisfactory for our retirees and dependents. The County has assured SJCERA that they will continue their efforts to seek improved rates and coverage.

Our Retiree Health Open Enrollment meetings held March 15, 2010 were well attended, with the largest turnout since 2007. Attendees provided feedback on the high premium rates to the insurance representatives on hand. We appreciate the attendees' contributions and hope the presenters will relay to their companies the importance of more stable premium rates.

RETIREES: NEED TO MAKE A CHANGE? LET US KNOW BY THE 15TH OF THE MONTH!

What? Another deadline? It seems like there is a cutoff for many important things: Income tax returns are due by April 15. Rent/Mortgage is due by the 5th of the month. Property taxes, vehicle registration, health plan open enrollment all have their deadlines.

SJCERA also has a cutoff date.

Our retirees should keep in mind when making changes that affect their monthly benefit payments: **the 15th of each month.** What kind of changes? You might want to change the amount of federal or state taxes SJCERA withholds from your benefit, enroll to receive your monthly benefit via Electronic Funds Transfer (*see related article*), or begin a new deduction from your benefit (e.g., association membership dues).

If you want a change to be processed and reflected in your July 1st benefit payment, for example, we need you to notify us by June 15th. If we receive notice after June 15th, the change will not be reflected until the payment issued to you on August 1st. We'd like you to have it your way, so think about us and, when possible, let us know of any changes by the 15th day of the month. Thanks.

Cost of Living Allowance (COLA)

Cost of Living Adjustments (COLA), based on annual changes in the Consumer Price Index (CPI) are made to your retirement benefit every April 1. Using the All Urban CPI for the San Francisco-Oakland-San Jose area, the annual average change from 2008 to 2009 showed an increase of 0.81%, which is rounded to 1.00% for the COLA payable beginning April 1, 2010.

Retirees received the following increase in their benefit payment issued May 1, 2010:

If your initial retirement date is on or before:	Your COLA is:
April 1, 1970 through April 1, 1998	3.0%
April 2, 1998 through April 1, 1999	2.5%
April 2, 1999 through April 1, 2007	2.0%
April 2, 2007 through April 1, 2008	1.5%
April 2, 2008 through April 1, 2010	1.0%

What makes the difference in the COLA percentage? In past years when the change in CPI was greater than the statutory annual maximum COLA of 3%, the percentage over the 3% limit is “banked” for use in future years when the COLA is less than 3%. Thus, persons who retired by April 1, 2008 have “extra” COLA from prior years that was banked and available to be added to the current COLA.

Those of you who retired from April 2, 1998 through April 1, 2008, have used all of your banked COLA, so you and all retirees through April 1, 2010 now have a zero bank.

This is especially great if you plan to travel about the time you’ll receive a payment. You won’t have to worry about the payment sitting in your mailbox—possibly getting rained on, maybe falling out before you get home, or perhaps stolen. (It has happened. Please don’t let it happen to you!).

Not only will the payment be safely in your account, you’ll be able to access your funds from almost anywhere on the first banking day of every month. You’ll be as free as the Delta Breeze with one less item to interfere with your good time. Call our office at (209) 468-2163 to sign up for EFT today!

Don’t Delay! Enroll in Electronic Funds Transfer (EFT) Today!

You’re a busy person, you’ve got things to do! Take vacations, visit the grandchildren, volunteer, have lunch with friends, go to a museum, see a matinee, shop in the middle of a weekday while everyone else is at work.

Let SJCERA remove an errand from your to-do list. Why spend time waiting by the mailbox to get your monthly check, filling out a deposit slip, driving to a bank or credit union, and waiting in line at the teller or ATM?

By setting up an Electronic Funds Transfer (EFT), you can rest assured your monthly benefit from SJCERA is safely and securely transferred to your account and available to you on the first banking day of every month without fail.

SJCERA Calendar 2010

Board Meetings

(REG = Regular, FIN = Financial)

June 11 (REG), June 25 (FIN)

July 9 (REG), July 23 (FIN)

August 13 (REG), August 25 (FIN)

Sep 10 (REG), Sep 24 (FIN)

October 8 (REG), October 22 (FIN)

November 19 (REG, FIN)

December 17 (REG, FIN)

Workshops

Mid-Career Planning Seminar

December 2, 2010

About to Retire Workshop

September 28, 2010

Payroll Dates

Thursday, **July 1**

Monday, **August 2**

Wednesday, **September 1**

Friday, **October 1**

Monday, **November 1**

Wednesday, **December 1**

Monday, January 3, 2011

SJCERA's Mission: *We are trusted financial stewards committed to providing excellent service and lifetime retirement benefits to our members.*

James C. Weydert
Margo Prais
Ed O'Neill, III
Lawrence Mills
Shabbir Khan
Steve Bestorides
Raymond McCray, Secretary
Dave Souza, Vice Chair
Michael Restuccia, Chair
Board of Retirement

Annette St. Urbain
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