The Post 1982 Supplemental Benefit was paid to eligible SJCERA retirees and their survivors and beneficiaries pursuant to a settlement agreement for those retiring on or after April 1, 1982 and before January 1, 2001, which provided a monthly amount equal to $10 per year of service, not to exceed 30 years, as long as sufficient funds were available.

While this was great news to eligible retirees and their survivors, no one anticipated that “as long as sufficient funds were available” would ever be tested. Unfortunately, it was.

In May 2006, the supplemental benefit was suspended because the funding source for this benefit was depleted. Understandably, many retirees who were receiving this benefit were impacted and asked when the benefit would resume. This was a difficult question to answer because in order for funding to be available, there is a series of events that must occur first.

First, the annual return SJCERA earns on investments must exceed our assumed annual rate of return of 8.00%. By law, the Board must first credit interest to member, county, and retired reserve accounts and fund investment management and administration costs. The law also says we must maintain a contingency reserve of at least 1% of total assets. For calendar years 2002 through 2005, there were insufficient investment earnings to maintain any contingency reserve. The purpose of the contingency reserve is to provide protection during the years when investment returns fall below the assumed rate of return. It can be compared to a home emergency fund—something we all need. Although the law requires 1%, the Board of Retirement prudently has established a policy to maintain a contingency reserve of 3%, but has discretion to maintain a contingency reserve of less than 3% of total assets. In order to balance the intent of the law and ensure prudence, the Board of Retirement is currently in the process of reviewing alternative contingency reserve levels. SJCERA’s consulting actuary is in the process of preparing an analysis and modeling of alternative contingency reserve levels for future consideration.

In the meantime, at the close of December 31, 2006, there was sufficient funds to restore the contingency reserve to just over 1%, but not enough to meet the Board’s policy of 3%.

The Retired Public Employees of San Joaquin County (RPESJC) submitted a request to the Board of Retirement on behalf of all retirees eligible for this benefit, requesting that the Board of retirement “waive” its policy to maintain a contingency reserve of 3% of total assets and instead transfer the amount of the contingency reserve in excess of 1% (almost $2.5 million) to the
SJCERA Welcomes New Staff

Annette St. Urbain, selected by the Board of Retirement to succeed Robert Palmer, became the Association’s Chief Executive Officer in July 2007. Ms. St. Urbain joined SJCERA in 2002 as the fund’s Assistant Retirement Administrator and Investment Analyst, and has nearly thirty years of public pension administration and investment experience, with previous employment at the California State Teachers’ Retirement System (CalSTRS) and the California Public Employees’ Retirement System (CalPERS). Ms. St. Urbain continues the commitment to SJCERA’s legacy of outstanding customer service. Ms. St. Urbain holds a degree in Business Management.

Gail Chun-DeDuonni joined the staff in September as the Assistant Retirement Administrator. Prior to joining SJCERA, Ms. Chun-DeDuonni served CalSTRS for twelve years as the Director of Disability Services and most recently as the Director of Service Retirement. She holds a Bachelor of Arts in English.

Nancy Calkins was appointed as SJCERA’s first Chief Investment Officer in October, a new position created by the Board in response to the growth in fund assets and complexity of the Board’s investment program. With twenty-three years of experience managing public pension assets, Ms. Calkins has managed investments for both CalPERS and the Washington State Investment Board, where most recently she served as a Senior Investment Officer for Public Equity. She holds a Bachelor of Arts and Master of Arts in Economics.

Lily Cherng, having spent over eleven years in the accountancy field, fills the newly established Investment Accountant position. Having lived in the Midwest for the past fourteen years, Ms. Cherng joined SJCERA in April. She holds a Masters in Public Accountancy and is a Certified Public Accountant.

Stephanie Conner moved to Stockton in July after serving Alameda County for fifteen years as a Child Support Officer with Child Support Services. Holding a Bachelor of Science in Math, Ms. Conner, is one of our two Retirement Payroll Technicians.

Lori Davidson joined SJCERA in April as an Administrative Secretary. Serving most recently as a Child Support Officer with the County’s Child Support Services, Ms. Davidson has worked for the County for seven years and holds AA degrees in Administration of Justice and Liberal Arts and Science.

Post 1982 Supplemental Benefit Reserve to reinstate payment of this benefit for as long as possible. Based on the retirees currently eligible for this benefit, it was determined that should the Board approve this action, the benefit could in fact be reinstated for a period of ten (10) months.

After careful consideration, the Board determined that alleviating the economic hardship suffered by nearly two-thirds of SJCERA’s retirees whose Post 1982 Supplemental Benefit was suspended is an urgent and pressing need, and they in fact approved the transfer.

Beginning December 1, 2007, the Post 1982 Supplemental Benefit payments for eligible retirees were resumed. While there are currently only enough funds to continue payments through September 1, 2008, the Board will review this and other funding issues after the closing of the 2007 financial year, which occurs mid-2008.
Mid-Career Retirement Planning Seminar for Active Members

If you have worked for San Joaquin for at least ten years and plan to work ten more before you retire, you might be interested in attending the Mid-Career Planning Workshop. Bringing together financial and retirement experts from throughout the county, this workshop was created to help mid-career employees plan for a financially secure retirement.

The workshop covers information about San Joaquin County Retirement Benefits, Social Security and Medicare, County Retiree Health Benefits, 457 Deferred Compensation, Strategies for Healthy Living and Vitality, Financial Planning and Estate Planning.

Speakers include:

Annette St. Urbain, Chief Executive Officer of San Joaquin County Employees’ Retirement Association presents the various retirement services and benefits provided to county employees. She helps participants understand how their retirement benefits are calculated and what type of benefits family members are entitled to after a member’s death.

Robert Jacob, Claims Representative for the Social Security Administration helps to navigate through the Social Security benefits and Medicare processes.

Sandy Lieting, Benefits Officer for the County, reviews the various health plans available to retirees and how the sick leave bank is administered.

Derelle Phillips, Account Representative for Hartford Life provides information about the County’s 457 Deferred Compensation plan, how to develop an investment strategy and when funds are paid out.

Pam Gibson, Health and Fitness Coordinator for San Mateo County leads participants through a session to help attendees envision what retirement will be like and to help to create strategies to improve their health and wellness.

Teresa Mandella, a Certified Financial Planner, has attendees envision their ideal retirement in order to determine how much retired income each participant will need to fulfill that ideal. She shares various retirement savings strategies.

The day concludes with Mark Ornellas, Attorney at Law and a partner in Haydel and Ornellas, who outlines estate planning, and how to reduce estate transfer costs by creating living trusts.

As you can see, this workshop is packed with information that is critical to planning for a successful retirement. Presented twice a year in June and December, you can enroll through your department’s training coordinator. A list of the training coordinators for your department is provided at the front of the County Human Resources Training catalog or online at the Human Resources website: www.sjgov.org/hr/ programs/training.

Spouses and Domestic Partners are encouraged to attend, snacks and lunch are provided and there is ample free parking available.

The 2008 workshops are scheduled for:

Thursday, June 5, 8:00 AM - 4:30 PM
Thursday, December 4, 8:00 AM - 4:30 PM

County Office of Education
Education Services Center
2707 Transworld Drive, Stockton 95206

If you have further questions, contact Tim Ankcorn at (209) 468-2163.

Farewell to Bob Palmer

On August 1, 2007, Robert Palmer, this County’s first Retirement Administrator, retired. Mr. Palmer was first appointed by the Retirement Board in 1991 to handle the administration of the retirement fund, previously handled by the County Treasurer. With 20 years of public service with Contra Costa, Santa Clara, and Santa Cruz counties, he guided the Association for 16 years as it grew by 3,800 members and $1.67 billion. Mr. Palmer also served as the State Association of Retirement System’s (SACRS) Legislative Committee Chair, SACRS President from 2006-07, and was President of the California Association of Public Retirement Systems (CALAPRS) many times. Through his work he greatly enhanced the lives of many.

But rest assured, Mr. Palmer has left SJCERA in the very capable hands of Annette St. Urbain, who has worked along side him for the past five years. The staff of SJCERA wish Mr. Palmer a very happy retirement, and congratulate him on a job well done.
Working After Retirement?

After you retire, you may decide to continue working in some capacity, perhaps part time or even full time. If you are thinking of possibly continuing employment with the County or another employer, be sure you understand your options with respect to your retirement benefit. Following retirement, if you decide to work outside of San Joaquin County employment, your monthly retirement benefit payment will not be affected.

You may also return to work as a temporary County employee without affecting your monthly retirement benefit if you work no more than 90 working days or 720 hours in any one fiscal year (July 1 through June 30). Working as a temporary employee, you would not earn additional retirement service credit, nor would you be making member contributions to SCJERA. However, you must not exceed the 90-day or 720-hour limit each fiscal year.

If you retire at “normal retirement age” or older (age 59 for general members and age 54 for safety member), you can begin temporary employment with an SJCERA employer at any time after retirement. If you retire before attaining normal retirement age, you must have a “bona fide” separation from employment before returning to temporary employment for an SJCERA employer. Evidence that a bona fide separation from service has occurred is based on two factors: 1) the absence of a prearranged agreement to return to work with a SJCERA employer; and 2) a minimum 90 day break in service from the date of retirement to the date post-retirement employment begins.

If you become re-employed with the County in a permanent position, working at least 20 hours per week, you will need to apply to the Board of Retirement for reinstatement to active SJCERA membership and provide medical evidence of fitness for duty. Following re-employment with the County, you would re-enter active SJCERA membership and your retirement payments would stop.

When you cease County employment and retire again, your initial retirement benefit would resume, along with any cost of living adjustments, plus you would receive an additional benefit earned during your reinstatement to active employment.

If you are interested in obtaining more information about working after retirement, contact SJCERA at 209-468-2163.

Volunteering: A Rewarding Option

While some retired members choose to work following retirement, others may consider volunteering for an organization or cause as a way to stay active, while at the same time providing valuable service to their community. Nationally, nearly 46 percent of persons between the ages of 55 and 74 reported performing some type of volunteer work in the past year. Organizations are eager to enlist the help of retired professionals who can apply leadership experience, technical expertise and other valuable skills sharpened throughout their careers. For the volunteer, lending a hand can be gratifying, and a way to help keep the mind and body active and healthy.

You may already have an organization in mind to which you would like to donate your time and skills. If you’re simply looking for an organization to work with, most cities have numerous volunteer networks and organizations that specialize in matching up people interested in volunteering with programs and organizations suited to their abilities, interests, backgrounds and age. The County of San Joaquin’s Aging and Independent Services, Volunteer San Joaquin and Senior Corps are just some examples; other organizations around the country can be found through local chambers of commerce, or by searching on the internet.
Paper Checks Are Like Airplanes

Waiting in the Ontario Airport for an airline flight that had been delayed for an hour, can be like waiting for the arrival of a paper check in the mail. In both situations, on time arrival is important, especially if you need to make another connection (or mortgage payment).

Airline flights can be delayed due to inclement weather, air traffic, mechanical problems and pilots who call in sick. Much like airplanes, delivery of paper checks can be delayed due to inclement weather (like hurricanes), road traffic, out of service delivery trucks and postal workers who call in sick.

This past September we received over 45 phone calls from members who were concerned because they had not received their benefit checks. Although everything had been processed by SJCEA timely for a September 4\textsuperscript{th} mail delivery date, checks to specific Stockton zip codes seemed to be missing. During the next several days we started the process of canceling and reissuing the missing checks. But before we could reissue checks, members were required to file affidavits to authorize the replacement of their checks.

On September 14th, the missing checks were delivered to retirees’ mailboxes. Ten days late, the same day replacement checks were available to members who filed affidavits.

Members who had signed up for direct deposit through our electronic fund transfer program received their benefits on September 4\textsuperscript{th} no matter what zip code they lived in.

So - if making connections is important to you when you travel, look for airlines with the best on time arrivals. If receiving your monthly benefit by the first business day of the month is important, sign up for direct deposit, because it has the best on time arrivals – consistently.

Log on to our website at [www.sjcera.org](http://www.sjcera.org) and select Electronic Fund Transfer Authorization under the forms section to sign up for direct deposit today. Or call our office at (209) 468-2163 to request a form.

State Commission Issues Retiree Benefits Report

The Public Employee Post-employment Benefits Commission appointed by Governor Schwarzenegger to address pension and retiree health care liabilities for public employees, recently released its final report. The report was the culmination of 10 months of work by the bi-partisan commission, including nearly 100 hours of testimony from a variety of pension experts, concerned citizens, government leaders and employee representatives. The report found the total liability for retiree health benefits is at least $118 billion for both state and local governments. California’s public retirement systems reported a combined unfunded pension liability of $63.5 billion with an aggregate funded ratio of 89 percent, considered to be very healthy.

The report contains 34 specific recommendations grouped into 8 broad categories:

- Provide Independent Analysis
- Strengthen Governance and Enhance Transparency
- Coordinate with Medicare
- Advocate Federal Tax Law Changes

Key recommendations include:

- Public agencies that provide OPEB* benefits should pre-fund future costs
- To reduce employer contribution rate volatility, public retirement systems should consider the use of longer asset smoothing periods and, if adopted, should resist efforts to alter that smoothing method for short-term gain.
- Generally, an employer’s contribution rate should not fall to zero
- Employers that provide retiree health benefits should make their contributions proportionate to the number of years of employee service and should make the benefit dependent upon the employee retiring within a set time after separation

Copies of the commission report are available on the Internet at [www.pebc.ca.gov](http://www.pebc.ca.gov).

* OPEB = Other Post-Employment Benefits
SJCERA Earns Award for Financial Reporting

For the first time in eighteen years, SJCERA was awarded a Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association (GFOA). Awarded for the Comprehensive Annual Financial Report (CAFR) for the fiscal year ending December 31, 2006 the award is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

Annette St. Urbain, Chief Executive Officer, in accepting the award on behalf of SJCERA, noted that her predecessor, Robert Palmer deserved much of the credit.

In addition, the GFOA awarded individual Awards Of Financial Reporting Achievement to Sandy Parker, Retirement Financial Officer and Tim Ankcorn, Retirement Services Officer for their contribution to SJCERA’s award-winning CAFR.

Certificate of Achievement for Excellence in Financial Reporting
Presented to
San Joaquin County Employees' Retirement Association, California
For its Comprehensive Annual Financial Report for the Fiscal Year Ended December 31, 2006
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in governmental accounting and financial reporting.

Marcel Leduc Joins The Board

On March 14, 2008, with enthusiastic support from the Retired Public Employees of San Joaquin County (RPESJC) and the California Retired County Employees Association (CRCEA), the Board of Retirement approved and established the Alternate Retired Member position. On April 11th at its Regular Meeting, the Board unanimously appointed Marcel Leduc as its first Alternate Retired Member.

In making its decision, the Board considered input from other 37 Act Counties with Alternate Retired Members. Many of the counties pointed to the positive partnership between the retired and alternate members, the continuity of expertise and broad knowledge base that these members bring.

This marks a return to the Board for Marcel, who served as the Safety Member from 1987-1998. He is currently the President of RPESJC and admitted that he is busier now than before he retired in 2000. When asked why he wanted to add this to an already busy schedule, he said that he has spent a good part of his life serving retirees and looks forward to continuing to serve them in this new capacity.

Marcel begins his term on July 1, 2008, which runs concurrently with retired member Judith Courtney’s term, and expires on June 30, 2009. Thereafter an election will be held for the Alternate Retired Member position.
Answers to Frequently Asked Questions

When will I receive my refund of contributions?

Members of SJCERA are eligible to elect a refund of their retirement contributions and interest after terminating all employment with an SJCERA employer and the member is completely off payroll as designated by the Auditor-Controller’s Payroll Office. SJCERA sends notification and election documents by certified mail to each member who terminates employment. Members who have not established membership in a reciprocal retirement system within six months of leaving SJCERA-covered employment may elect to withdraw their member contributions and interest. Once the completed election documents are received by SJCERA, refund checks are issued the Friday after payday. The timing of this process depends on when the member is designated as completely off payroll and how quickly the member completes and returns the withdrawal election documents to SJCERA. This can typically take four to six weeks from the last day the member worked. Please note that when you withdraw your contributions you terminate your SJCERA membership, and lose any right to benefits paid for by County contributions on your behalf.

When will I see the additional service credit I purchased included in my total service under SJCERA?

When the cost of the additional service credit is paid in full, the amount of service you purchased will be added to your total retirement service credit. For members who purchase service with a lump-sum payment, the service will be reflected in your SJCERA account the following month. For members who purchase service in installment payments, the service will be credited to your account the month after the last installment payment is received by SJCERA. All service purchases must be completed prior to retirement. Please note, your annual member statement only includes service purchases completed during or prior to the calendar year for which the statement was issued.

Can I borrow against my SJCERA retirement account?

We often get calls from members asking to take a loan against their SJCERA retirement account to help meet other financial needs. Even in a financial hardship, state law does not allow SJCERA to make these kinds of loans. For your retirement security, your SJCERA account can only be used to fund your retirement benefits. The only way to receive your retirement contributions prior to retirement is to terminate your SJCERA-covered employment, and elect to withdraw the funds you have contributed.

Published semi-annually for the members of the San Joaquin County Employees’ Retirement Association

Member comments and suggestions should be directed to the Editor, Delta Breeze.

E-Mail: editor@sjcera.org or contact:
SJCERA • www.sjcera.org
6 So. El Dorado Street, Suite 700
Stockton, CA 95202
Phone: (209) 468-2163 • Fax: (209) 468-0480

Board of Retirement
Michael Restuccia, Chair
Ed O’Neill, Vice-Chair
Raymond McCray, Secretary
Shabbir Khan, County Treasurer
Judy Courtney Margo Praus
Marcel Leduc (Alt) Dave Souza
Victor Mow J.C. Weydert

Chief Executive Officer
Annette St. Urbain

About to Retire (Half-Day Seminar)
September 25, 2008

Mid-Career Retire. Plan. (All-Day)
June 5, 2008 December 4, 2008

Retirement Board Meetings
Usually second and fourth Friday of each month at the SJCERA Office Board Room, 9:00 a.m.

Regular Financial
May 9, 2008 May 30, 2008
June 13, 2008 June 26, 2008
July 11, 2008 July 25, 2008
August 8, 2008 August 21, 2008
September 12, 2008 September 26, 2008
October 10, 2008 October 24, 2008

Schedule of Retirement Payment Dates

<table>
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<tr>
<th>Month</th>
<th>Mail Date</th>
<th>Electronic Deposit Date</th>
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<tbody>
<tr>
<td>May</td>
<td>April 28</td>
<td>May 1</td>
</tr>
<tr>
<td>June</td>
<td>May 28</td>
<td>June 2</td>
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<tr>
<td>July</td>
<td>June 26</td>
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<td>August</td>
<td>July 29</td>
<td>August 1</td>
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<tr>
<td>September</td>
<td>August 27</td>
<td>September 1</td>
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This newsletter provides disclosure of certain terms and conditions of SJCERA membership and benefits available to members. It is designed to give you this information as simply and as accurately as possible as of the date of publication. SJCERA is governed by the County Employees Retirement Law of 1937 (Government Code Section 31450 et. seq.) as it has been adopted and implemented by the San Joaquin County Board of Supervisors and the SJCERA Board of Retirement. If there is any inconsistency between this newsletter and the governing law, the law will govern. Decisions relating to the plan will be made after reference to the statutes and any resolutions, regulations and policies governing administration of SJCERA as they exist at the same time of the decisions.
Fund Performance

In early 2007, the Retirement Fund surpassed the $2 billion mark and as of December 31, 2007 totals nearly $2.23 billion. Funding for the San Joaquin County Employees’ Retirement Association (SJCERA) comes from three major sources: Member contributions, employer contributions and investment income. In 2007, approximately 3% of total income was from active member contributions; 10% from employer contributions and 87% 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, conducts 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 the year ended December 31, 2007 was 7.5%. In 2007, non-U.S. equity and real estate continue to out-perform domestic equity and fixed income. The total fund annualized three and five-year returns were 9.5% and 13.3% respectively.

<table>
<thead>
<tr>
<th>Returns for 4th Quarter 2007 (gross of fees)</th>
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<tr>
<td>SJcERA</td>
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<tr>
<td>Total</td>
</tr>
<tr>
<td>Domestic Equity</td>
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<td>International Equity</td>
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<td>Fixed Income</td>
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<td>Real Estate</td>
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<tr>
<th>Indices</th>
<th>4th Qtr</th>
<th>1 yr</th>
<th>3 yr</th>
<th>5 yr</th>
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<tr>
<td>Russell 3000</td>
<td>-3.3%</td>
<td>5.1%</td>
<td>8.9%</td>
<td>13.6%</td>
<td>6.2%</td>
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<tr>
<td>MSCI ACWI Ex-US</td>
<td>-0.6%</td>
<td>17.1%</td>
<td>20.4%</td>
<td>24.5%</td>
<td>10.1%</td>
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<tr>
<td>Lehman Aggregate</td>
<td>3.0%</td>
<td>7.0%</td>
<td>4.6%</td>
<td>4.4%</td>
<td>6.0%</td>
</tr>
<tr>
<td>NAREIT Equity</td>
<td>-12.7%</td>
<td>-15.7%</td>
<td>8.5%</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Asset Allocation as of December 31, 2007

- Domestic Equities (38%)
- International Equities (21%)
- Cash (3%)
- Alpha (2%)
- Real Estate (9%)
- Fixed Income (27%)

Total Assets Under Management as of December 31, 2007: $2.23 Billion