

# *At Your Service*

Orange County Employees Retirement System

Volume 8 Number 4 Magazine for all Members October 2009



**Money Matters:  
OCERS is here**

*At Your Service*



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At Your Service is published for members and retirees of the Orange County Employees Retirement System

Comments and suggestions should be directed to: Robert Kinsler, Public Relations Analyst

**OCERS**

2223 E. Wellington Ave., Ste. 100,  
Santa Ana, CA 92701  
Telephone: (714) 558-6200  
Toll-free: (888) 570-6277  
Web site: [www.ocers.org](http://www.ocers.org)

At Your Service is written and designed by Robert Kinsler and Jayne Ritchey

**Board of Retirement Meetings:**

All regular business meetings are held in OCERS Board Room at 8:30 a.m.

January 20, 2009	February 17, 2009
March 23, 2009	April 20, 2009
May 26, 2009	June 22, 2009
July 20, 2009	August 24, 2009
October 19, 2009	November 23, 2009
	December 21, 2009

## Board of Retirement election

OCERS is holding an election for one of the seats on the Board of Retirement. The election is being held to select a General Member seat for a three-year term beginning on Jan. 1, 2010.

The filing period for candidates began on Sept. 8 and was scheduled to close on Sept. 25, 2009. If more than one candidate qualified for the ballot, the Registrar of Voters will mail out ballots to all General Members on Oct. 13, 2009. Voted ballots must be returned to the Registrar of Voters office no later than 10 a.m. on Nov. 3, 2009.

Ballots will be counted on Nov. 3, with the Board of Supervisors set to certify the election on Nov. 24, 2009.

For more information on the Board of Retirement election, visit OCERS' Web site at [www.ocers.org](http://www.ocers.org).

## Former Board Member Bert Scott remembered

Ronald Albert "Bert" Scott of Villa Park died at home surrounded by family on August 23, 2009, of acute myeloid leukemia. He was 76. As of our deadline, a memorial service for Bert was scheduled to be held at Yorba Linda Community Center on Friday, Oct. 2, 2009 at 3 p.m.

Bert was a long-time employee with the County of Orange prior to his retirement in 1995. He was then appointed by the Board of Supervisors to serve on the OCERS Board of Retirement.

Bert is survived by Carol Kiser, his wife of 27 years; his five children, eight grandchildren, a sister, his first wife and several nieces and nephews. A veteran of the U.S. Army, Bert received a bachelor's degree from Northwestern University and began working for the County in 1967.

Charitable donations in his memory may be made to either the Orange County Habitat for Humanity to build homes for disabled military veterans and their families (2200 Ritchey St., Santa Ana, CA 92705) or to South Coast Repertory (655 Town Center Dr., Costa Mesa, CA 92626). The family has requested no flowers, please.

# Pre-Retirement Planning Seminars coming this fall

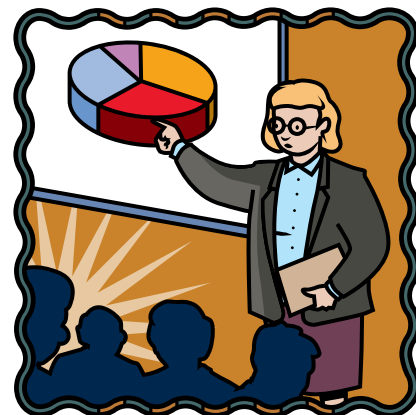
While it's easy to live for today, moving into retirement requires plenty of advance planning. OCERS is offering Pre-Retirement Seminars throughout 2009 to help you gather information you'll need to meet your retirement goals. The few hours you spend at the seminar can have a beneficial and long-lasting impact on your quality of life after you retire. Anyone who is within three years of their retirement date should plan on attending this seminar.

These daytime seminars will be held at OCERS, 2223 E. Wellington Ave., Ste. 100, Santa Ana, from **8 a.m. to 1 p.m. on October 7 and 21; November 18 and December 2, 2009**. The one-session, five-hour seminar is free, and there is plenty of free on-site parking for those attending.

Various topics will be covered. A Social Security representative will discuss Social Security and Medicare benefits; a representative from "Deferred Compensation" will discuss the County's 457 plan; a representative from Retiree Medical will discuss the County's retiree medical benefit options; and an OCERS Retirement Specialist will focus on your OCERS retirement benefits.

An OCERS Retirement Specialist will discuss a number of details about your pension, including retirement eligibility, how to calculate your future benefits, how to apply for retirement and annual cost-of-living adjustments (COLA) after retirement.

No advance registration is necessary and this information will help prepare you for the move into retirement. For more information, please log on at [www.ocers.org](http://www.ocers.org) and click on "Retirement Seminars."



## Did You Know?

### Defined Benefit (DB) Plans

- OCERS' COLA (cost-of-living adjustment) program provides inflation protection. Whenever the Consumer Price Index for the prior year increases, OCERS retirees and survivors receive an annual COLA benefit.
- OCERS provides a lifetime benefit.

### Defined Contribution (DC) Plans

- 401(k) and 457 Plans are savings accounts.
- DC Plans provide no cost-of-living program and have no protection against inflation.

To learn more about your DB plan at OCERS, plan on taking a free daytime Pre-Retirement Seminar or an evening Financial Strategies Seminar at OCERS. See the articles in this issue for more details.



# Financial Strategies for Turbulent Times

If you are concerned about the financial impact of the current market and economy on your short and long-term goals, whether you are planning to retire within the next 3 to 30 years, you should plan to attend a free Financial Strategies Seminar held at:

**OCERS (Training Room)  
2223 E. Wellington Avenue, Suite 100  
Santa Ana, CA 92701**

The Financial Strategies Seminar consists of three sessions. Each session will cover important topics for successful planning including:

- Will I have enough to retire?
- Where do I put my money now?
- How do I choose investments for my Deferred Compensation plan?

The final session of each workshop focuses on information relating to OCERS, including such topics as:

- Eligibility for retirement
- Reciprocal benefits
- Benefit calculations, and how to apply for your retirement benefits from OCERS online
- How to use the Benefits Estimator on the Member Information Center to calculate your OCERS benefits

Individuals and couples are welcome to attend. There is plenty of free on-site parking for those attending. Refreshments will be served.



Don't miss out on this valuable information. It will help you prepare for your future. The seminars are free, but reservations are required. To make your reservation to attend this seminar, please log on at [www.ocers.org](http://www.ocers.org) and click on "Retirement Seminars."

**An important note:** anyone registering for the Financial Strategy Seminar should plan on attending all three sessions. For more information on upcoming Financial Strategies for Retirement Planning Seminars, please contact Robert Kinsler at (714) 558-6230.

## SCHEDULED DATES:

The Financial Strategy Seminar is a three-session workshop, and persons signing up should plan on attending all three sessions of the workshop.

## Dates are as follows:

### Workshop

Wednesdays

October 7, 14 and 21, 2009

6 – 9:30 p.m.

### Workshop

Wednesdays

November 4, 18 and December 2, 2009

6 – 9:30 p.m.

# Public Pensions in the news: only part of the story

By **Steve Delaney, Chief Executive Officer**

Just about everyone who follows news reports is likely aware of the increasing focus on public pension funds such as OCERS.

However, because of the complexity and differences between how various public funds such as OCERS, CalPERS and CalSTRS are operated, there is rarely a balanced and thoughtful analysis of not only how our members' retirement benefits are funded, but how those benefits are earned and how they ultimately benefit society. For example, in the wake of several misleading media articles, I recently received emails from several members of the public who were under the mistaken impression that none of our members pay for their retirement. That simply isn't true – depending on a member's age of entry and their bargaining unit – some members currently pay more than 15 percent of their pay in employee contributions.



In September 2007, the State Association of County Retirement Systems – also known as SACRS – issued a report titled “The Economic Impacts on California and Counties of SACRS Members’ Benefit Payments.” Let me share some highlights of this report:

- As of Dec. 31, 2006, the study revealed that for every dollar paid in retirement benefits by ‘37 Act Systems (including OCERS and 19 other County retirement systems in California), the California economy realizes an additional 53 cents in economic activity.
- Benefit payments in 2006 of \$3.462 billion supported a total output (the ripple effect of business and government revenues as spending from those benefit checks works its way through the California economy) of about \$5.297 billion.
- This economic activity supports a total of 34,951 jobs – more jobs than produced by the truck transportation industry in California – with total compensation of around \$1.213 billion.
- Because of low costs and a long history of strong returns, investment earnings were providing about 74 percent of retiree income benefits in 2006. Employer contributions accounted for only 17 percent of retiree pay checks.
- Because 84.9 percent of retirement benefit payments made by SACRS member counties are to retirees living in the state of California, most benefit payments have a direct impact on the California economy. Indeed, OCERS retirees have homes, buy cars, shop at area stores and are an integral part of their communities.

I would encourage all of you to read more of the report, easily accessed via a link at [www.sacrs.org](http://www.sacrs.org). You can also learn more about your OCERS benefits by reading this and future issues of *At Your Service*, as well as other resources at [www.ocers.org](http://www.ocers.org).

# Superior Court tackles tough times with innovation

Like many public agencies in California, Orange County Superior Court has been struggling to continue to provide critical services while coping with the reality of operating under a reduced budget.

So when officials with Superior Court realized that cutbacks would force them to implement layoffs, they came up with an innovative way (fashioned after a similar program at the City of Indio, CA) to downsize the organization while providing an incentive for staff to retire or leave on their own. This program was called the Voluntary Separation Incentive Plan.

“The primary purpose of the Voluntary Separation Incentive Plan was to accelerate turnover and limit the number of layoffs into this economy. We were also concerned about the public percep-

tion of a retirement incentive,” explained Denise Leat, Chief Human Resources Officer at Superior Court. “So we offered a modest severance payout.



“We gave a one-time lump sum payment up to 25 percent of an employee’s base annual income – the average taxable payout was \$14,000 – for those who retired or resigned during the window period. The payment was handled similar to severance pay so it would not affect compensation earnable. The recipients were required to sign a Waiver and Release as part of the consideration.”

The program generated immediate interest from a number of employees, including those who had been considering retiring, leaving the job to spend more time at home with their families or those thinking about going back to school.

“We had 53 people leave (out of about 1,700 employees). We had been thinking we might have 20 employees participate, but we had an incredible level of interest,” Leat said.

“The Court intends to freeze, underfill or eliminate the positions vacated so we are in the process of reassigning employees, redesigning workflow, and prioritizing services to accommodate the reduced head count,” Leat added.

OCERS’ staff worked closely with Superior Court to handle the group of more than 30 employees who retired, as well as the other employees who opted to defer their retirement until a later date or who withdrew their funds if they were not yet eligible for a monthly allowance.

# Defined Benefit and Defined Contribution Plans

Retirement – and various kinds of retirement plans – seems to be on people’s minds these days. OCERS’ staff continues to receive a number of phone calls and requests for information from active members and retirees about their retirement benefits.

This article is designed to provide members with an introduction about Defined Benefit and Defined Contribution Plans.

## **What are Defined Benefit and Defined Contribution Plans?**

There are two types of pension plans – defined benefit (DB) and defined contribution (DC). OCERS, like most public sector plans, is a DB plan. Social Security is also a DB plan.

A DB plan is what most people refer to as a pension plan. A DB plan provides a member with a guaranteed lifetime income. In addition, the DB plan provides designated beneficiaries with certain benefits that may be payable upon the member’s death.

A DB plan provides benefits to members based on factors such as the member’s age at retirement, years of service and final average salary. DB plans consider years of service by the employee, generally providing greater benefits the longer an employee works for a particular employer.

Under a DC plan, an employee or employer contributes money into individual accounts. A 401(k)-style DC plan provides benefits based on the amount contributed to an individual employee account, plus any investment gains or losses.

## **What are the advantages and disadvantages of the two types of plans?**

People often ask which kind of plan is better. DB and DC plans each offer their own advantages and disadvantages.

A DB plan provides a predictable and consistent lifetime income, with many OCERS members supplementing the monthly income from our system with a tax-deferred 457 deferred compensation program. DB plans such as OCERS also provide death, disability and cost-of-living adjustments to retirees.

A DC plan provides for investment choices for the individual. A DC plan usually allows a member to borrow from the account for certain qualified conditions. However, DC plans do not provide a guaranteed benefit level at retirement nor do they include disability or death benefits.

DC plans such as 401(k)s and 457s end when the money in the participant’s account is gone. Because OCERS members do not participate in Social Security, they would have no guaranteed lifetime income if a DC plan is their only retirement plan. However, DC account balances may be transferred to a terminating employee’s next retirement plan, and thus the plans are typically more portable.

OCERS’ goal is to help educate all of its members and provide them with a wealth of information and services while they work, and after they retire. For more information on OCERS, visit our Web site at [www.ocers.org](http://www.ocers.org).

Orange County Employees Retirement System  
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## OCERS members invited to attend Focus Groups

OCERS is committed to providing the most comprehensive education and high quality customer service possible to its members. Focus groups are now being planned to gather input from active members and retirees to help us improve our service to you. Focus groups are scheduled to last about 30-45 minutes, and will include **free lunch** for those who attend. We want to hear your opinions, thoughts and suggestions on a range of subjects.

If you have retired anytime over the past 18 months, we encourage you to participate in a **Retirement Process focus group**. **Retirement Process focus groups** are scheduled for Wednesday, Oct. 14, 2009 and Thursday, Nov. 5, 2009. Each will begin at noon.

If you have attended a daytime Pre-Retirement Seminar in 2008 or 2009, you are invited to attend a **Pre-Retirement Seminar focus group**. Focus groups centering on feedback related to OCERS' daytime seminars will be held at 1 p.m. on Wednesday, Oct. 21, 2009, and at 1 p.m. on Wednesday, Nov. 18, 2009.

If you are a retiree (regardless of how long ago you retired), please consider signing up to participate in the **Retiree Issues focus group** set for 1 p.m. on Thursday, Nov. 5, 2009.

Please register for any focus group in advance. All of the focus groups will be held at OCERS' office, 2223 E. Wellington Avenue, Suite 100, Santa Ana, California.

For more information, please log on at [www.ocers.org](http://www.ocers.org) and click on "Focus Groups." Participants can also register by contacting Robert Kinsler at OCERS by calling (714) 558-6230 or emailing [rkinsler@ocers.org](mailto:rkinsler@ocers.org).