

## Elections for Seats on MCERA Board set for July

The terms of the **2nd Member (miscellaneous)**, **7th Member (safety)**, and **7th Member Alternate (safety)** on MCERA's Retirement Board expire on October 31, 2010.

Nomination petitions for candidates will be available from the Registrar of Voters Division of the County Clerk's Office beginning on June 2, 2010, and must be filed by 4:30 PM on June 16, 2010. If any of the incumbents choose not to file for re-election, those filing periods will be extended to June 23 and an election will be held to fill the seat or seats on July 30, 2010.

Please direct all questions related to the elections process to the Elections Department of the County Clerk's Office. Questions related to the trustee positions should be directed to MCERA.



## Separation Anxiety?

**Resigned? Terminated? Laid-off? A common misconception is that separation from employment means that all of your rights to retirement benefits from MCERA are lost.**

Occasionally, we are contacted by MCERA members who have resigned, have been terminated by their employer, or who are concerned that they may be laid off.

The truth is that a termination of employment, be it on a voluntary or involuntary basis, does not necessarily mean that you lose your rights to receive a retirement allowance from the retirement plan. However, your options, should an involuntary termination take place, are determined by your age and years of service with MCERA. The following options are available to you as an active MCERA member should you get laid-off from your job (or if you voluntarily decide to terminate employment).

**If you meet the minimum qualifications for service retirement, you can retire.**

Generally, you are eligible to retire when you are 50 years old and have at least 10 years of credited service, unless you are a miscellaneous County employee whose date of membership in the Retirement Association is on or after July 1, 2008, or if you are a Court employee whose membership in the

Retirement Association is on or after January 1, 2009. For those individuals you must be at least age 55 with 10 years of credited service. Safety members may retire after 20 years of credited service regardless of age. Miscellaneous members credited with 30 years may retire regardless of age. Any member who has reached age 70 may retire regardless of service time.

**You can choose to withdraw your funds.**

A withdrawal can be taken in the form of cash (in which case 22% of the taxable portion will be withheld for federal and state taxes); or you can choose to "roll over" your funds into another qualified retirement account. No taxes will be withheld if you choose the second option. A third option is to take a portion of your account in cash, subject to tax withholding, and rollover the remainder.

**You can defer your service retirement to a later date.**

If you have at least 5 years of contributing retirement service credit you are "vested" with MCERA. If you lose active membership

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## Retirement Board Members

### Greg Brenk

Appointed by Board of Supervisors

### Bernadette Bolger

Appointed by Board of Supervisors

### Roy Given

Alternate

Ex-Officio Member

### Maya Gladstern

Vice Chair

Elected by Miscellaneous Members

### Allen Haim

Elected by Retiree Members

### James Hufford

Elected by Safety Members

### James Phillips

Chair

Appointed by Board of Supervisors

### Gerald Richardson

Appointed by Board of Supervisors

### Michael J. Smith

Secretary

Ex-Officio Member

### Sherry Sweet

Elected by Miscellaneous Members

### Sean Webb

Alternate

Elected by Retiree Members

### Karen Wofford

Alternate

Elected by Safety Members

## Executive Staff

Acting Retirement Administrator  
**Tom Ford**

Regular Retirement Board meetings are held on the second Wednesday of each month at 9:00 AM (unless otherwise noted)

MCERA Board Room  
One McInnis Parkway  
San Rafael

## Letter from the Board Chair

Dear Members,

The MCERA Board and staff have gotten off to a busy start in 2010.

With the assistance of Acting Administrator Tom Ford, the Board has commenced a nationwide search for a full time administrator. We expect a formidable list of applicants from which to choose. Interviews with selected applicants will be conducted shortly, and the Board is prepared to make its final decision by June.

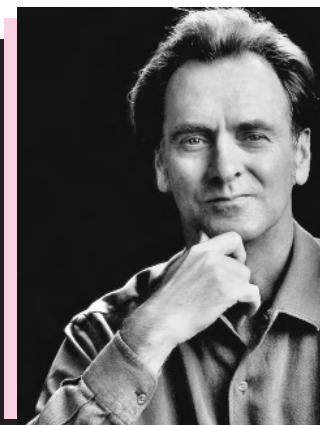
The MCERA staff has been working diligently with our software consultant for the past three years to implement CPAS, a new pension administration software program, which is expected to go live in September. The new software system is expected to dramatically accelerate benefit calculations, as well as allow MCERA to process retiree payroll internally, provide members an opportunity to estimate their own benefits on an ad hoc basis, automate the administration of retiree medical benefits, and numerous other advantages which we hope to pass along to our members. For further information on CPAS, please see the article on page 3.

The Board and Administration continue to work closely with MCERA's actuary and plan sponsors to moderate the effects the financial markets will have on employer contributions. The more recent growth of MCERA's investment portfolio, a 17% increase in 2009, has helped lessen the impact of our sponsors' shortfall. The MCERA Board also recently concluded its review of the portfolio and financial market expectations during its annual spring Strategic Workshop. While a few prudent changes may be in order, the Board is satisfied that the foundations of the investments remain on solid ground.

Finally, we were all saddened by the recent resignation of long-time Retirement Board trustee and former County Supervisor Peter Arrigoni. We wish him the best and look forward to working with his appointed successor. We miss you, Pete!

Sincerely,

James Phillips  
Chair  
MCERA Board of Retirement



**James Phillips**  
Chair  
MCERA Board of Retirement



Photo courtesy of D. Alan Harris Photography  
[www.dalanharris.com](http://www.dalanharris.com)

# New Pension Administration Software System



MCERA is embarking on an exciting project that has been years in the planning: a new pension administration software system. The new system design, expected to go live in September 2010, will automate and streamline many functions

for more efficient and accurate procedures and workflow, which will translate to state-of-the-art service for our members.

## Why is a new system needed?

MCERA's current pension administration software, implemented almost 15 years ago, is no longer supported by the vendor. Without the ability to make programming changes and with little to no integration with other software systems, the legacy data system and procedures MCERA uses for servicing member accounts are approaching a critical point. To preserve data integrity and historical detail, and to add services that our members require, MCERA needs benefits software that is scalable, adaptable into the future, and will provide accurate generation of pension benefit determinations from a single integrated database.

## How was CPAS selected?

In late 2007, MCERA issued a comprehensive request for proposal for an integrated pension administration system to fulfill the needs of a growing membership with increasingly complex service requests. In January 2008, after hearing presentations and receiving demonstrations from the top two vendors, the Retirement Board awarded the contract to CPAS Systems, Inc., a Canadian firm with experience working with 1937 Act counties like Marin.

## What can CPAS do?

CPAS is a robust, configurable pension administration system that stores, integrates and processes all activity related to retirement membership and retirement benefits, significantly reducing the staff time required to process requests. Here are just a few of the advantages provided by the CPAS system:

- **Enhanced data storage capabilities.** CPAS can store more detailed information on active, deferred, and retired members, as well as more detailed payroll information.

- **Performs membership calculations.** The system will be able to produce benefit estimates, redeposit and buyback calculations, and death benefit calculations – all of which are currently performed manually.
- **Process retiree benefit payroll.** Monthly retirement benefits, lump sum payments for death benefits and terminations, and 1099s will be processed by CPAS.
- **Integrates with other systems.** CPAS will work in conjunction with MCERA's document imaging software so that member files can be accessed easily, and will also work with external health care and general ledger systems.
- **Enhanced reporting capabilities.** Automated letters, ad hoc reports, and annual benefit statements will be generated by the system.
- **Member and employer services.** Secure, password-protected Employer and Member Web Portals will allow employers to upload and monitor their own payroll information, and will allow members to generate their own ad hoc benefit estimates and account balances.

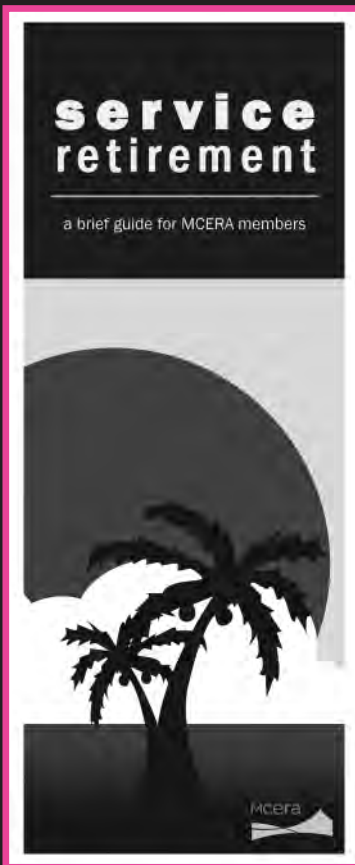
## Where are we now?

The project has come a long way from the selection of CPAS in January 2008. Functional requirements for the system have been gathered and specifications have been preliminarily approved. System testing began in July 2009 with our first software build and will continue with each revised and improved iteration of the program. We anticipate running CPAS in parallel with current processes beginning in July 2010 leading up to a "go live" date in September.

MCERA staff will continue to make every effort to maintain the highest possible level of customer service during the testing and implementation. The end result will be a dramatically improved, accessible retirement system for both members and employers. We will continue to keep you posted as this exciting project moves forward. ■



NEW! NEW! NEW! NEW! NEW! NEW! NEW! NEW! NEW! NEW! NEW! NEW! NEW!



## Service Retirement *and* Disability Retirement brochures *now available!*

Our new brochures provide an overview of our processes, as well as answers to many commonly asked questions.

Brochures are available:

- ✓ From the Publications section of our website ([www.mcera.org](http://www.mcera.org))
- ✓ In the MCERA lobby
- ✓ In several formats upon request

NEW! NEW! NEW! NEW! NEW! NEW! NEW! NEW! NEW! NEW! NEW! NEW! NEW!

## Marin County Employees' Retirement Association

One McInnis Parkway, Suite 100 - San Rafael, CA 94903

Phone: 415-473-6147 - Fax: 415-473-3612

Office Hours: Monday - Friday 8:00 AM to 5:00 PM

<http://www.mcera.org>

Quarterly  
Quote

People ask me what I do in winter when there's no baseball. I'll tell you what I do. I stare out the window and wait for spring.

*Rogers Hornsby, MLB Player & Manager*



# Retiree Vision Care is Here!

Retirees and beneficiaries, start checking your mailboxes! The State Association of County Retirement Systems (SACRS), of which MCERA is a member, has sponsored a vision insurance plan for retirees through VSP Vision Care. The vision care plan is separate from any plans that may be offered by your former employer and is entirely voluntary - all retirees and beneficiaries will be given the opportunity to enroll, but participation is not mandatory. VSP will begin mailing enrollment information to all MCERA retirees and beneficiaries near the end of April. Open enrollment is expected to begin in May with coverage commencing July 1, 2010.



Further details and contact information for VSP will be provided in your enrollment package. If you have questions after reviewing the information, please contact VSP directly. ■

**Did you know...**

**MCREA is now MCARE, the Marin County Association of Retired Employees! Visit their website at [www.mcareinfo.org](http://www.mcareinfo.org).**

# 2010 Retiree COLA Granted

Most retirees and beneficiaries who retired on or before March 31, 2010 will see at least a 0.5% cost-of-living-adjustment (COLA) beginning with their retirement allowance received at the end of April. The increase, mandated by the California Government Code and made annually in accordance with changes in the Consumer Price Index (CPI) for the San Francisco Bay Area, was approved by the Board of Retirement at its regular meeting held February 10, 2010.

The actual amount of your COLA may be higher and is dependent upon two factors: the Tier and/or Agency from which you retired, and your date of retirement. If your maximum allowable COLA is less than the increase in the Bay Area CPI, we "bank" the difference for possible use in a future year. If no "withdrawal" is available, you will receive the minimum COLA increase of 0.5%.

The 2010 COLA will be applied as follows for both safety and miscellaneous retirees:



If your Agency and/or Tier is:	And your retirement date was:	Then your 2010 COLA will be:
Marin County Tier 1 Marin Courts Tier 1 LAFCO Marin/Sonoma Mosquito/Vector Control Marin City Community Services District Novato Fire Protection District Southern Marin Fire Protection District Tamalpais Community Services District	On or after January 1, 1981	0.5%
	On or before December 31, 1980	4.0%
City of San Rafael	On or after April 2, 2008	0.5%
	January 1, 1990 through April 1, 2008	1.0%
	On or before December 31, 1989	3.0%
Marin County Tier 2 Marin County Tier 3 Marin Courts Tier 2 Marin Courts Tier 3	On or after April 2, 2009	0.5%
	April 2, 2008 through April 1, 2009	1.5%
	On or before April 1, 2008	2.0%

Eligible retirees will receive notification of the 2010 COLA by mail. ■

# Supreme Court Clarifies Conflict of Interest Rules

In a welcome decision issued by the California Supreme Court in January (*Lexin v Superior Court*), the Court clarified how public retirement system trustees and staff may manage their retirement system responsibilities and avoid engaging in illegal conflicts of interest. The legal issue in the case involved interpreting a statute that prohibits public board members and employees from influencing contracts in which they have financial interests. The Court was called upon to determine to what extent that statute applies to contracts into which retirement boards or systems may enter that provide broadly available benefits to retirement system members, including board and staff members, on the same terms and conditions.

In its well-reasoned analysis, the Supreme Court observed, among other things, that many retirement board trustees, and all retirement system staff, are required by law to be members of the systems they serve, and that they also have obligations to provide benefits to their membership. The Court concluded that MCERA and other retirement boards' understanding that these shared interests between retirement system trustees and staff members, on the one hand, and their constituents (retirement system members and beneficiaries), on the other, does not create an illegal conflict of interest for board or staff members, so long as the benefits at issue are not specially tailored for board or staff members.

Board Counsel, Ashley Dunning, successfully argued the retirement systems' position both in writing and orally before the Court, and many of those arguments were adopted by the Court. Excellent work Ashley!



## Will My Wishes Be Honored?

**Are you sure that the person you want to receive any benefits payable in the event of your death is correctly designated on your MCERA account?**

Stop now and take a look at your last annual member statement. Is the person listed as your designated beneficiary correct?

Much too often, MCERA finds upon notification of a member's death that the beneficiary designated by the member has predeceased them. Unfortunately, some of our members have passed away without naming any beneficiary at all. Many divorced MCERA members still list an ex-spouse as their designated beneficiary. We also have deferred members who have not updated their MCERA records to accurately reflect their marital status and their beneficiary information. In cases like these, MCERA may have to pay a late member's estate or wait for probate to be filed.

The following are possible benefits payable upon your death.

- **MCERA member in deferred status:** your designated beneficiary will receive a refund of your accumulated contributions plus interest.
- **MCERA member in active contributing membership:** your designated beneficiary, depending on their relationship to you, may be eligible to receive a refund of your accumulated contributions plus interest and up to 6 months of your earned compensation, or a monthly lifetime allowance.

■ **MCERA member in retired status:** your named beneficiary may be eligible to receive three benefits: the final pro rata of your monthly retirement allowance; a lump sum death benefit, currently \$5,000; and/or a continuance allowance.

Even if you do not wish to change the name of your beneficiary, it is critical to ensure that the contact information pertaining to that person is correct (address, telephone number, etc.) in order for our staff to reach your survivor in a timely manner when it becomes necessary to do so. We recommend that at least annually you check to make sure that your beneficiary data filed with MCERA is accurate. Keep in mind that MCERA is separate from other employee benefit offices and that beneficiary forms filed with other offices or your employer will not be accepted by MCERA.

All changes to beneficiaries must be executed in writing with your signature. Active and deferred members can obtain the Beneficiary Change Form from our website ([www.mcera.org](http://www.mcera.org)) or by contacting our office. Retired members and those who receive continuance benefits should contact our office directly.

Make sure that the person officially designated as your beneficiary is correct. Don't lose this unique opportunity to give a gift of income to someone you love. ■

## Separation Anxiety?

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status by being laid-off (or if you leave employment voluntarily) you have the option of leaving your retirement funds on deposit with MCERA and retiring at a later date. Under these circumstances you will become eligible for retirement when your funds have been on deposit long enough to meet any of the time requirements mentioned above and you meet any of the age requirements also mentioned above. If you have less than 5 years of service you may still leave your funds on deposit with MCERA but you would not be eligible to retire until you reach age 70.

### **You can seek reciprocity through another employer.**

If you can find work with an employer with a retirement plan that has a reciprocal agreement with MCERA, and establish membership with the reciprocal system within six months of your termination from active MCERA membership, you may elect reciprocity between MCERA

and your new retirement plan. Reciprocity may be established with other 1937 Act retirement systems, with CalSTRS, CalPERS, or with many public agencies that have reciprocity with CalPERS. Contact the retirement office for more specific information.

It is important for all of our members to understand that loss of your job – whether by your own decision or by a decision made by someone else – does not necessarily mean a loss of earned retirement benefits. Should you face a potential loss of employment, please feel free to contact our office. We will help you identify all of the options available so that you can make the most informed decision possible. The Disposition of Retirement Contributions packet is also an excellent resource; it is available on our website ([www.mcera.org](http://www.mcera.org)), in our office, and upon request. ■

## Message from the Investment Committee Chair

It is with pleasure that we report the MCERA portfolio earned a rate of return of 17.38% for calendar year 2009. The fund benefitted from the particularly strong returns of the equity and fixed income markets. 2009 may be remembered for bringing forth the largest stock market rebound in history; however, there is more work to be done to recover from the devastation of 2008.

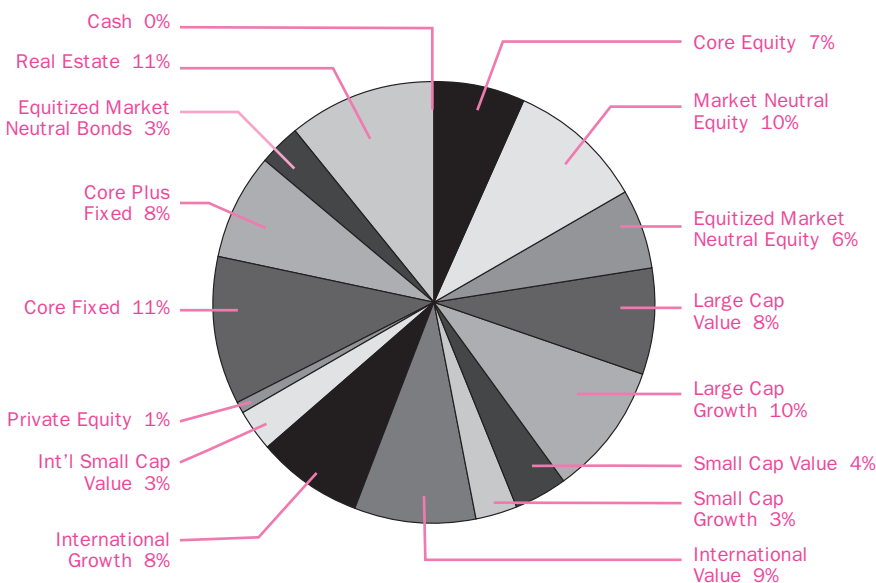
The fund closed out the year on a positive note and so far performance for 2010 is on the right track. Overall MCERA has a well diversified portfolio made up of domestic equity, international equity, domestic fixed income, real estate and private equity. We are ever

mindful of the needs of all of our members, and are continually monitoring ways to improve performance. The Committee is pleased with the current asset allocation and the performance of our investment managers, but will continue to make prudent changes as needed.

On a related note, The Retirement Board will miss recently-resigned trustee and former Investment Committee Chair Peter Arrigoni, not only for his investment acumen, but more importantly for his leadership, humor, loyalty and friendship. Enjoy yourself, Pete!

Jerry Richardson  
Chair, Investment Committee

## Portfolio Pie as of September 30, 2009



Core Equity	\$ 87,622,000
Market Neutral Equity	\$ 124,371,000
Equitized Market Neutral Equity	\$ 71,910,000
Large Cap Value	\$ 100,899,000
Large Cap Growth	\$ 121,444,000
Small Cap Value	\$ 54,225,000
Small Cap Growth	\$ 41,715,000
International Value	\$ 110,322,000
International Growth	\$ 100,018,000
International Small Cap Value	\$ 35,004,000
Private Equity	\$ 6,539,000
Core Fixed	\$ 137,972,000
Core Plus Fixed	\$ 96,347,000
Equitized Market Neutral Bonds	\$ 35,418,000
Real Estate	\$ 137,228,000
Cash	\$ 0
<b>TOTAL</b>	<b>\$ 1,261,034,000</b>



## MCERA Participating Employers

City of San Rafael

County of Marin

LAFCO

Marin City Community  
Services District

Marin/Sonoma Mosquito  
Abatement District

Marin Superior Court

Novato Fire  
Protection District

San Rafael Redevelopment

Southern Marin Fire  
Protection District

Tamalpais Community  
Services District

## Upcoming Events

- ➔ **May 5, 2010**  
Regular Board Meeting
- ➔ **May 6, 2010**  
Investment Committee Meeting
- ➔ **May 31, 2010**  
MCERA CLOSED (County Holiday)
- ➔ **June 9, 2010**  
Regular Board Meeting
- ➔ **July 5, 2010**  
MCERA CLOSED (County Holiday)
- ➔ **July 14, 2010**  
Regular Board Meeting
- ➔ **July 15, 2010**  
Investment Committee Meeting