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## Election for Seat on MCERA Board Set for July



The term of the 3rd Member (miscellaneous) on  
MCERA's Retirement Board expires on October 31, 2011

Serving as a member of MCERA's Retirement Board is a meaningful and rewarding experience. If you are an actively employed general (miscellaneous) MCERA member and would like to contribute to the sound financial management of the public retirement association, resolve complex issues that are integral to the management of the system and investment fund, and contribute to the overall governance of the retirement system, you are encouraged to consider candidacy for the position of MCERA trustee.

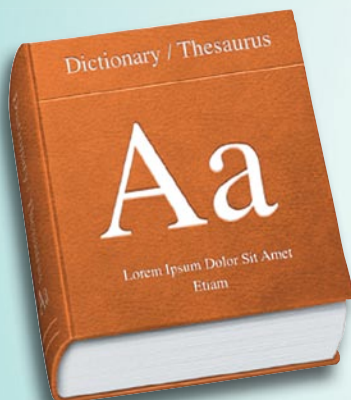
Nomination petitions for candidates will be available from the Registrar of Voters division of the County Clerk's Office beginning on June 1, 2011 and must be filed by

4:30 PM on June 15, 2011. If the incumbent chooses not to file for re-election, the filing period will be extended to June 22 and an election will be held to fill the seat on July 29, 2011.

The article on page 2 highlights some of the most significant duties of a Retirement Board trustee. Please direct all questions and requests for information regarding the role of a trustee to MCERA. Questions about the election process should be directed to the Registrar of Voters.

All miscellaneous (general) members eligible to participate in the election will receive the official election notice by mail. ■

## FUNDamentals DE•FINED • • • • •



### fi•du•ci•ary

– *noun*

1. a person bound to act for another's benefit, as a trustee in relation to his beneficiary

– *adjective*

2. having the nature of a trust  
3. of or relating to a trust or trustee

Learn more about what it means to be a **fiduciary** on page 2.

### in•vest•ment con•sul•tant

– *noun*

1. someone who advises others how to invest their money

Learn more about MCERA's **investment consultant** on page 7.

# Retirement Board Members

## Bernadette Bolger

Secretary  
Appointed by Board of Supervisors

## Greg Brenk

Appointed by Board of Supervisors

## Gary Burroughs

Acting Ex-Officio Member

## Roy Given

Alternate  
Ex-Officio Member

## Maya Gladstern

Chair  
Elected by Miscellaneous Members

## Allen Haim

Elected by Retiree Members

## Howard McFarland

Elected by Miscellaneous Members

## James Phillips

Vice Chair  
Appointed by Board of Supervisors

## Gerald Richardson

Appointed by Board of Supervisors

## Sean Webb

Alternate  
Elected by Retiree Members

## Karen Wofford

Elected by Safety Members

## Executive Staff

### Jeff Wickman

Retirement Administrator

### Helen Moody

Assistant Retirement Administrator

## Editorial Staff

### Sydney Fowler

Communications Associate

FUNDamentals is published quarterly for members of the Marin County Employees' Retirement Association (MCERA). It is compiled and designed by MCERA's Communications Associate unless noted otherwise.

Member comments and suggestions should be directed to:  
Email: sfowler@co.marlin.ca.us  
Phone: (415) 473-6147



**Gary Burroughs**

1st Member  
Acting

Ex-Officio, County of Marin  
Director of Finance



**Roy Given**

1st Member  
Alternate

Ex-Officio, County of Marin  
Director of Finance

# Meet Your Retirement Board

The Retirement Board is MCERA's governing body with the fiduciary responsibility to invest money and administer benefits of the retirement system for MCERA's members and beneficiaries. We all know that it is an important job, but what does being on MCERA's Retirement Board really mean?

### Who comprises the Retirement Board?

As defined by the California law that governs MCERA, all board members except the County Director of Finance serve for 3-year terms. The law provides that the Board includes the following members:

- Two general (miscellaneous) members employed by any of MCERA's plan sponsors and elected by the active and deferred general members.
- One safety member and one alternate safety member employed by any of MCERA's plan sponsors elected by active and deferred safety members.
- One retired member and one alternate retired member elected by the retired membership.
- Four members appointed by the Marin County Board of Supervisors. These individ-

uals are citizens of Marin County but are not connected with County government, except that one may be a County Supervisor.

- The Director of Finance of Marin County.

### What are the Board's responsibilities?

As trustees, your Board members are fiduciaries. A fiduciary is someone who is legally required to exercise the highest duty of care when acting on behalf of and in the interest of another. This duty, known as fiduciary duty, is a significant ethical and legal principle that all trustees must understand and follow. MCERA trustees are ultimately responsible for seeing that the plan operates in accordance with its governing documents, which includes all applicable local, state and federal laws and regulations.

A trustee's fiduciary duties include the **duty of loyalty** and **duty of care**.

**Duty of loyalty:** the obligation to act for the exclusive benefit of the plan participants.

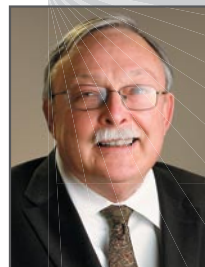
The duty of loyalty requires that, when making decisions, the Board act in the overall best interest of MCERA's members and beneficiaries. Board members must also consider the needs of all members and beneficiaries impartially, regardless of who elected or



**Bernadette Bolger**

9th Member  
Secretary

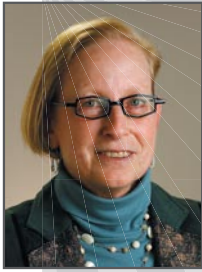
Appointed by  
Board of Supervisors



**Sean Webb**

8th Member  
Alternate

Elected by  
Retired Members

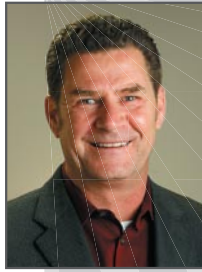


**Maya Gladstern**

2nd Member  
Chair

Elected by  
General Members

2



**Howard McFarland**

3rd Member

Elected by  
General Members

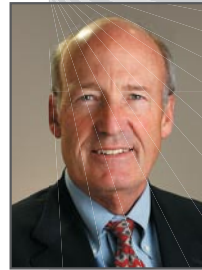
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appointed them to the Retirement Board and regardless of other “hats” that Board members may wear in other capacities.

**Duty of care:** the responsibility to administer the pension plan prudently, efficiently and properly.

The duty of care requires that Board members exercise sound judgment and make prudent decisions, which includes consulting with professional advisors as appropriate. To fulfill this duty a trustee must actively participate on the Board. This means attending Board meetings, analyzing reports, reviewing minutes, and monitoring the performance of staff and professional consultants. The board must also, in conjunction with staff, develop, adopt and monitor the implementation of MCERA’s policies and procedures. This includes establishing effective protocols to maintain and protect records, and keeping appropriate member records confidential while also complying with applicable public records laws. Education is a key component for the successful administration of the system. The Board follows a formal education policy that helps the trustees achieve and maintain proficiency in the conduct of MCERA’s business. Conducting regular reviews of policies, and audits and knowing when to pursue legal action are also important aspects of this duty.

Retirement Board trustees have significant responsibilities as fiduciaries. All members of MCERA’s Retirement Board are volunteers who bring their energy, commitment and expertise to the task of managing the fund and setting policy related to all aspects of MCERA’s operation with the assistance and support of MCERA’s staff, professional advisors and investment managers. They serve exclusively for the benefit of our membership; therefore, **they serve you!** ■

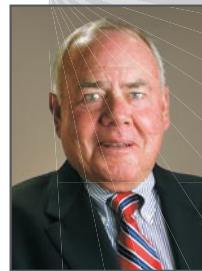


**Greg Brenk**

4th Member

Appointed by  
Board of Supervisors

4

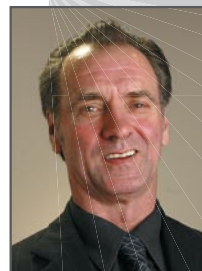


**Jerry Richardson**

5th Member

Appointed by  
Board of Supervisors

5



**James Phillips**

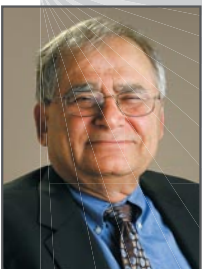
6th Member  
Vice Chair

Appointed by  
Board of Supervisors

6



Visit [www.mcera.org](http://www.mcera.org) for more information on your Retirement Board, including meeting dates and committee assignments.

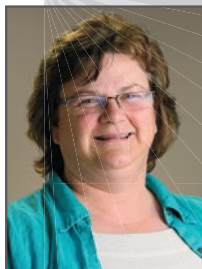


**Allen Haim**

8th Member

Elected by  
Retired Members

8



**Karen Wofford**

7th Member

Elected by  
Safety Members

7



# Test Your Retirement Plan Knowledge



Your retirement plan is a valuable benefit and an important part of your future financial security. Do you understand your MCERA retirement benefits? Take this quiz and find out how much you know.

- 1. Members are vested in the retirement plan after earning how many years of service credit?**
  - A. 2 years
  - B. 3 years
  - C. 5 years
  - D. 10 years
- 2. A member who terminates employment may request a refund of contributions from MCERA. The refund that the member will receive consists of:**
  - A. Only the amount of the member's contributions
  - B. Member contributions plus interest earned
  - C. Member contributions and interest earned, plus any "pick up" of member contributions paid by the employer
  - D. Member and employer contributions plus interest earned
- 3. Who can you name as a beneficiary on your MCERA account?**
  - A. Your estate or trust
  - B. Your spouse or registered domestic partner
  - C. Your second cousin
  - D. A local business
  - E. All of the above
- 4. How often are retirement allowances paid by MCERA?**
  - A. Once a month at the end of the month
  - B. Once a month at the beginning of the month
  - C. Every 2 weeks
  - D. On the 1st and 15th of each month
- 5. When is a member allowed to borrow money from their retirement account?**
  - A. When purchasing a home
  - B. When opening an IRA
  - C. After retirement
  - D. Never
- 6. What type of retirement plan does MCERA administer?**
  - A. Deferred compensation
  - B. Defined benefit
  - C. Defined contribution
- 7. Which pay type is generally NOT included when calculating final average compensation?**
  - A. Base salary
  - B. Overtime
  - C. Uniform allowance
  - D. Shift differential

Check your **answers** on **page 6!**

## 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

I love spring anywhere, but if I could choose I would always greet it in a garden.

*Ruth Stout, Gardener and Author*



# April 2011 Retiree COLA

Most retirees and beneficiaries who retired on or before March 31, 2011 will see at least a 1.5% cost-of-living adjustment (COLA) beginning with their retirement allowance received at the end of April. The COLA is calculated as required in the California Government Code based on changes in the Consumer Price Index (CPI) for the San Francisco Bay Area.

All members eligible for the COLA will receive an increase of at least 1.5%; however, some retirees and beneficiaries will receive a larger increase. The actual amount of your COLA will depend upon two factors: the Plan Sponsor (employer) and/or Tier 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 the increase in the Bay Area CPI is less than your maximum allowable COLA, we will make a “withdrawal” from your “bank,” if appropriate, in order to bring your increase up to the maximum allowable for your Plan Sponsor and/or Tier. If no “withdrawal” is available, you will receive the minimum increase of 1.5%.

The 2011 COLA will be applied according to the table below for both safety and general (miscellaneous) retirees. ■

PLAN SPONSOR AND TIER	RETIREMENT DATE	COLA
County of Marin – Tier 1 LAFCO – All Marin/Sonoma Mosquito & Vector Control District – All Marin City Community Services District – All Novato Fire Protection District – All	On or after Jan. 1, 1981	1.5%
Southern Marin Fire Protection District – All Superior Court – Tier 1 Tamalpais Community Services District - All	On or before Dec. 31, 1980	4.0%
MAXIMUM ALLOWABLE COLA:		4.0%
City of San Rafael - All	On or after Jan. 1, 1989	1.5%
	On or before Dec. 31, 1988	3.0%
MAXIMUM ALLOWABLE COLA:		3.0%
County of Marin – Tier 2 County of Marin – Tier 3	On or after Apr. 1, 2008	1.5%
Superior Court – Tier 2 Superior Court – Tier 3	On or before Mar. 31, 2008	2.0%
MAXIMUM ALLOWABLE COLA:		2.0%

## MCARE Announcement

By Ann Gregory,  
MCARE Director & Editor of  
the *Keeping In Touch Letter*

**Attention MCARE members: MCARE needs your address to continue sending your monthly newsletter, *Keeping in Touch!***

At this time the Marin County Association of Retired Employees (MCARE) has close to 100 members for whom we have no address. These members will not receive their monthly *Keeping In Touch Letter (KIT Letter)* until MCARE receives their information.

Following MCERA's implementation of their new retirement benefits administration software system, MCARE will be unable to include your monthly *KIT Letter* with your retirement benefit check or remittance advice statement. When that change occurs, MCARE will begin using the current address list that our Retiree Association maintains.

If you don't receive your *KIT Letter* as expected, or if you think MCARE may have an out-of-date address for you, please send us your information to one of the addresses below. Please be sure to include your phone number and email address, too.

We sincerely apologize for any inconvenience.

**Send your information by email:**  
esimonson1@verizon.net

**Or by postal mail:**  
MCARE, Attn: Edith Simonson  
PO Box 4203  
San Rafael, CA 94913

**Editor's note:** *This article has been provided by the Marin County Association of Retired Employees (MCARE). MCARE is a not-for-profit independent organization with no affiliation to MCERA. MCARE is organized for the exclusive purpose of serving retired employees and beneficiaries in Marin County. Please direct all comments and inquiries to MCARE at their address, above.*

# Test Your Retirement Plan Knowledge

## ANSWERS

Take the [quiz on page 4](#) and see how well you did, below!

- 1. Members are vested in the retirement plan after earning how many years of service credit?**

**C. 5 years**

If you are credited with 5 or more years of service you are vested in the MCERA retirement plan. This means that even if you terminate employment, as long as your contributions remain on deposit with MCERA, you are entitled to begin receiving a monthly benefit in the future when you meet the minimum eligibility requirements. Members who have less than 5 years of service are eligible to apply for retirement once they have attained age 70.

- 2. A member who terminates employment may request a refund of contributions from MCERA. The refund that the member will receive consists of:**

**B. Member contributions plus interest earned**

An employee requesting a refund will receive the total amount of the member contributions and accumulated interest. Partial withdrawals are not allowed. Members may also choose to leave their contributions on deposit after termination. A member who is vested with 5 or more years of service can apply for retirement benefits when they would have been eligible to retire had they remained in MCERA-covered employment. Members who have less than 5 years of service are eligible to apply for retirement once they have attained age 70. MCERA's Disposition of Retirement Contributions booklet has more information and can be obtained by contacting our office.

- 3. Who can you name as a beneficiary on your MCERA account?**

**E. All of the above**

The MCERA retirement plan offers substantial survivorship benefits to a spouse/registered domestic partner or a minor child in the event of the member's death. However, you may name any person, organization or trust as your beneficiary on your MCERA account. Keep in mind that organizations and trusts may not receive a survivor continuance, only a refund of your unused contributions.

- 4. How often are retirement allowances paid by MCERA?**

**A. Once a month at the end of the month**

Retirees who choose direct deposit will receive their retirement allowance in their accounts on the last business day of the month. Paper checks and remittance advice statements are mailed the day before the last business day of the month. Retirees who would like to initiate direct deposit, or change their current direct deposit instructions, may do so by completing a new Direct Deposit

form and returning it to MCERA with a voided check attached. The Direct Deposit form can be downloaded from our website ([www.mcera.org](http://www.mcera.org)) or sent upon request.

- 5. When is a member allowed to borrow money from their retirement account?**

**D. Never**

You may not withdraw, use as collateral, or borrow from your contributions and interest while you are still working for an MCERA plan sponsor or under a reciprocal agreement. The money in your account may only be accessed if you terminate employment. Under that circumstance you must withdraw your total account balance. Partial withdrawals are not allowed.

- 6. What type of retirement plan does MCERA administer?**

**B. Defined benefit**

MCERA administers a defined benefit plan, which means that your benefit at retirement is a guaranteed monthly allowance paid for the rest of your life. Your retirement allowance will be based upon your age at retirement, your years of service, and your final average compensation, rather than how much money you have contributed to your account.

- 7. Which pay type is generally NOT included when calculating final average compensation?**

**B. Overtime**

Overtime is not considered "compensation earnable" and therefore it is not included when calculating your final average compensation. "Compensation earnable" refers to pay items above a member's hourly base wage that may be included as part of their final average compensation. Please contact MCERA for further information.

**How did you do?** If you would like to learn more about your MCERA retirement benefits, the following resources may be of interest to you:

- ✓ MCERA's website, [www.mcera.org](http://www.mcera.org)– Download brochures and presentations, read FAQs, or create your own benefit estimate calculation using the online estimator.
- ✓ MCERA's pre-retirement seminar – Seminars are generally held once a month at MCERA's office. Check our website for upcoming seminar dates.
- ✓ MCERA staff – Our staff is always ready to serve you; call us with your questions: (415) 473-6147. ■





# Investment Insights

## The Role of the Investment Consultant

**M**CERA is governed by the County Employees' Retirement Law of 1937 (commonly referred to as the 1937 Act) which provides for "prudent person" governance of the plan. To help carry out this responsibility MCERA seeks the assistance of professional consultants in a specific field. These consultants provide independent expert advice to the Retirement Board and staff.

MCERA retains an **investment consultant** to help manage the assets of the retirement plan. The consultant assists the Retirement Board in meeting their fiduciary obligations by increasing their investment knowledge and applying specialized experience and analytical resources to help our Board meet its fund performance objectives.

### Asset Allocation Studies

At the Retirement Board's direction MCERA's investment consultant conducts periodic asset allocation studies

designed to meet the Board's specific requirements, taking into account the plan's basic structure, funding status, cash flow requirements and risk tolerance. Based upon the results of these studies, the consultant presents the Retirement Board with recommendations for asset allocation that provide the highest expected rate of return while limiting or reducing the overall portfolio's exposure to risk.

### Investment Manager Selection

Identifying qualified investment managers is one of the key services provided by MCERA's investment consultant. The consultant makes recommendations to the Retirement Board after conducting research on managers who provide service investing in the asset classes selected by the Board – for example, domestic and international equities, fixed income, real estate, private equity and other emerging asset classes. After hearing the relative merits of individual companies the Board decides which manager will ultimately best meet the goals they have established.

### Performance Evaluation & Analysis

The Retirement Board receives regular reports from MCERA's investment consultant that help the Board measure and understand the performance of the total portfolio as well as each manager's portfolio. The reports contain objective quantitative analysis of the fund's performance using benchmarks based on market indices, investment manager

peer groups and the Board's own investment policy goals. Performance evaluation reports may also contain subjective interpretation of the results and proactive recommendations to the Retirement Board if changes may be warranted.

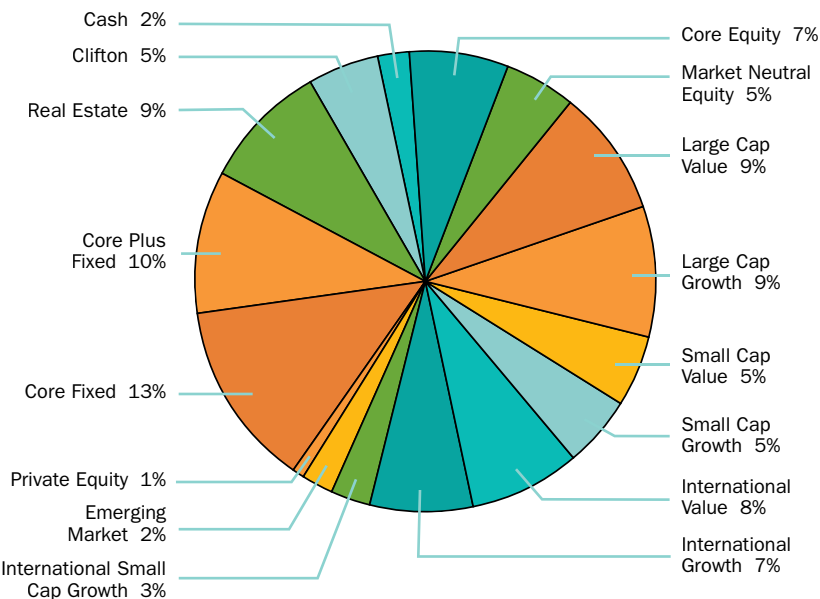
### Investment Policy Development & Monitoring

Our investment consultant works with the Board and staff to help develop, document and monitor investment policies that meet MCERA's goals. Investment policies serve as the blueprint for the management of assets by listing the purpose of the plan, the responsibilities of the different parties, and the investment guidelines the money managers should follow.

As you may have learned from the article on page 2, Retirement Board trustees have significant responsibilities as fiduciaries. The task of managing the fund and setting policies related to all aspects of MCERA's operation is made possible through the assistance and support of not only MCERA staff, but that of professional advisors, including investment consultants. In fact, today's increasingly complex investment landscape makes this type of expert advice extremely important and virtually essential for the fund's continued long-term success.

*MCERA's investment consulting services are currently provided by Callan Associates. ■*

## Portfolio Pie as of December 31, 2010



Core Equity	\$ 100,807,000
Market Neutral Equity	\$ 76,290,000
Large Cap Value	\$ 132,783,000
Large Cap Growth	\$ 132,997,000
Small Cap Value	\$ 65,905,000
Small Cap Growth	\$ 66,459,000
International Value	\$ 111,608,000
International Growth	\$ 106,201,000
International Small Cap Growth	\$ 43,371,000
Emerging Market	\$ 21,548,000
Private Equity	\$ 14,556,000
Core Fixed	\$ 179,878,000
Core Plus Fixed	\$ 149,492,000
Real Estate	\$ 128,549,000
Clifton	\$ 68,350,000
Cash	\$ 25,219,000
<b>TOTAL</b>	<b>\$ 1,424,013,000</b>



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## 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 Agency

Southern Marin Fire  
Protection District

Tamalpais Community  
Services District

## Upcoming Events

- **May 4, 2011**  
Regular Board Meeting
- **May 5, 2011**  
Investment Committee Meeting
- **May 30, 2011**  
MCERA CLOSED (County Holiday)
- **June 8, 2011**  
Regular Board Meeting
- **July 4, 2011**  
MCERA CLOSED (County Holiday)
- **July 13, 2011**  
Regular Board Meeting
- **July 14, 2011**  
Investment Committee Meeting
- **August 10, 2011**  
Retirement Board Meeting

### Important Disclaimer

*This newsletter was drafted by MCERA staff in order to help members understand issues surrounding many aspects of their retirement benefits. Every effort has been made to ensure the accuracy of the information offered. However, you should not rely solely on the information contained herein. In the event of any discrepancy between the information contained in this newsletter and State and Federal law, the State and Federal law will govern. MCERA staff is unable to address specific legal or tax-related questions. If you have legal or tax-related questions about your retirement, please consult competent legal or IRS counsel.*

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