

ISSUE 11  
SPRING 2012

# FUNDamentals

## Improving Processes for Better Service

Following the January implementation of our new pension administration software system, which automates many tasks that were previously performed manually, we are evaluating our processes and procedures to identify ways to further improve service to our customers.

**T**he first task we're evaluating is the retirement application process, from submittal of the application to your first retirement allowance payment.

MCERA members rely on their retirement benefit to be ready for them when they leave employment. Because your monthly MCERA benefit replaces only a portion of your working income, ensuring that you receive your monthly retirement allowance on time, as expected, is a high priority.

For some time MCERA has been challenged to get new retirees set up to receive their initial retirement benefit payment sooner than 60-90 days after the member's retirement date. We know that we need to improve in this area. We listened to your feedback and we're working to modify the process to help us achieve our goal of providing initial retirement benefit payments within 30-45 days after the member's retirement date.

### Future: Improved Benefit Estimates

One of the steps we're taking toward a more efficient retirement application process is ensuring that our members receive enough information to make all of their retirement decisions before they submit their application. Currently, retirement benefit estimates include only the "unmodified" payment option. In the future, retirement benefit estimates will include calculations for all possible options for payment of your monthly retirement allowance so you and your beneficiary can plan ahead. We also have a goal to begin providing benefit estimates within 20 days of the receipt of the request.

### Future: Comprehensive Application Form

Presently, a member submits their completed retirement application for processing. MCERA staff then calculates the monthly retirement benefit payable under each of the different payment options. An appointment is scheduled for the member to review the various payment options, select one that best meets their needs and sign their retirement contract. In the future when we are able to provide improved benefit estimates for members approaching retirement, we will revise the application packet to include a payment option selection form and retirement contract. Including these documents in the application packet helps streamline the retirement process and makes the need for a separate office visit optional for the member.

### Our Goal: Better Customer Service

Improving the retirement application process is only one step in MCERA's complete operational review. Our customer service goals also include calculating service purchases within fifteen days of receiving the request, and taking a proactive approach to member counseling to provide more opportunities for you to discuss retirement with a benefits specialist. We will evaluate all areas of the business and make changes where necessary to achieve our overall goal of improved service to you, our members.

Your feedback is valuable and we'd like to hear from you. If you have suggestions for how we can better serve you, please let us know. ■

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# Retirement Board Members

**Bernadette Bolger**

Vice Chair  
Appointed by Board of Supervisors

**Greg Brenk**

Secretary  
Appointed by Board of Supervisors

**Chris Cooper**

Elected by Safety Members

**Roy Given**

Ex-Officio Member  
County of Marin Director of Finance

**Maya Gladstern**

Chair  
Elected by General Members

**Allen Haim**

Elected by Retiree Members

**Howard McFarland**

Elected by General Members

**Alan Piombo**

Alternate  
Elected by Safety Members

**Gerald Richardson**

Appointed by Board of Supervisors

**Kim Stevens**

Appointed by Board of Supervisors

**Sean Webb**

Alternate  
Elected by Retiree Members

## Executive Staff

**Jeff Wickman**

Retirement Administrator

**Michelle Hardesty**

Assistant Retirement Administrator

## Editorial Staff

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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:

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# Retiree NEWS:

## April COLA: 2.5%

**M**embers who retire on or before March 31 are eligible for a cost of living adjustment (COLA) effective with the retirement benefit payment issued at the end of April. The COLA is determined annually based on changes in the Urban Consumer Price Index (UCPI) for the San Francisco-Oakland-San Jose area. The ratio of the annual averages (as published by the U.S. Bureau of Labor and Statistics) for the two prior calendar years is calculated and rounded to the nearest one-half percent. The annual average UCPIs described above represent an increase of 2.59%, which rounds to 2.5%.

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 UCPI, we "bank" the difference for possible use in a future year. If the change in UCPI is less than your maximum allowable COLA, we will make a "withdrawal" from your "bank," if available, in order to

bring your increase up to the maximum allowable for your plan sponsor and/or Tier. For Example, if the Maximum COLA for your Tier is 3.0% then we would look to see if you have banked COLAs from previous years. If your banked COLA amount was .5% or more, then we would take .5% from your bank and combine it with the UCPI change of 2.5% and provide you with the maximum allowable COLA of 3.0%. Any remaining bank would be available for your future use.

The table below shows how the COLA will be applied for both general and safety members. ■

### DID YOU KNOW?

Cost of living adjustments can be both positive and negative; however, your monthly benefit will never fall below the basic retirement allowance you were entitled to at the time you retired.

Employer and employee contribution rates include the cost of funding future post-retirement COLAs.

	PLAN SPONSOR AND TIER	RETIREMENT DATE	2012 COLA
Maximum allowable COLA for this group: 4.0%	<ul style="list-style-type: none"> <li>County of Marin - Tier 1</li> <li>LAFCO - Tier 2</li> <li>Marin/Sonoma Mosquito &amp; Vector Control District - All</li> <li>Marin City Community Services District - All</li> <li>Marin Superior Court - Tier 1</li> <li>Novato Fire Protection District - All</li> <li>Southern Marin Fire Protection District - All</li> <li>Tamalpais Community Services District - All</li> </ul>	On or after Jan. 1, 1980	2.5%
		On or before Dec. 31, 1979	4.0%
Maximum allowable COLA for this group: 3.0%	<ul style="list-style-type: none"> <li>City of San Rafael - All</li> </ul>	On or after Jan. 1, 1988	2.5%
		On or before Dec. 31, 1987	3.0%
Maximum allowable COLA for this group: 2.0%	<ul style="list-style-type: none"> <li>County of Marin - Tier 2</li> <li>County of Marin - Tier 3</li> <li>LAFCO - Tier 3</li> <li>Marin Superior Court - Tier 2</li> <li>Marin Superior Court - Tier 3</li> </ul>	On or before Mar. 31, 2012	2.0%



# Ready to Retire

You've attended a pre-retirement seminar, received a retirement benefit estimate from MCERA, contacted a financial planner, and found answers to all of the important questions. You've even got the perfect date in mind. You're ready to retire and MCERA has the next steps.

## How to Apply for Retirement

Download and print a retirement application packet from our website or contact our office for a copy. The retirement application packet contains a number of documents including the application, direct deposit and tax withholding forms. To complete your application MCERA needs the following:

- All appropriate retirement application packet forms completed and signed
- A copy of your birth certificate or passport
- A copy of your beneficiary's birth certificate or passport
- If you're currently married or partnered, a copy of your marriage certificate or registration
- If you divorced or dissolved a

partnership during your membership, a copy of the court order stating whether your former spouse/partner has an entitlement to your benefit

Retirement applications should be filed no earlier than 60 days before your planned retirement date. The completed application and required documents can be mailed or dropped off at MCERA. If you have any questions about the paperwork please call us or stop by. Our staff will review your application and work with you to complete it before submission.

After MCERA receives all the necessary documentation, retirement benefits staff will process your retirement application. Generally, the time frame from your actual retirement date to receipt of your first benefit check is one to two months after you separate from employment.

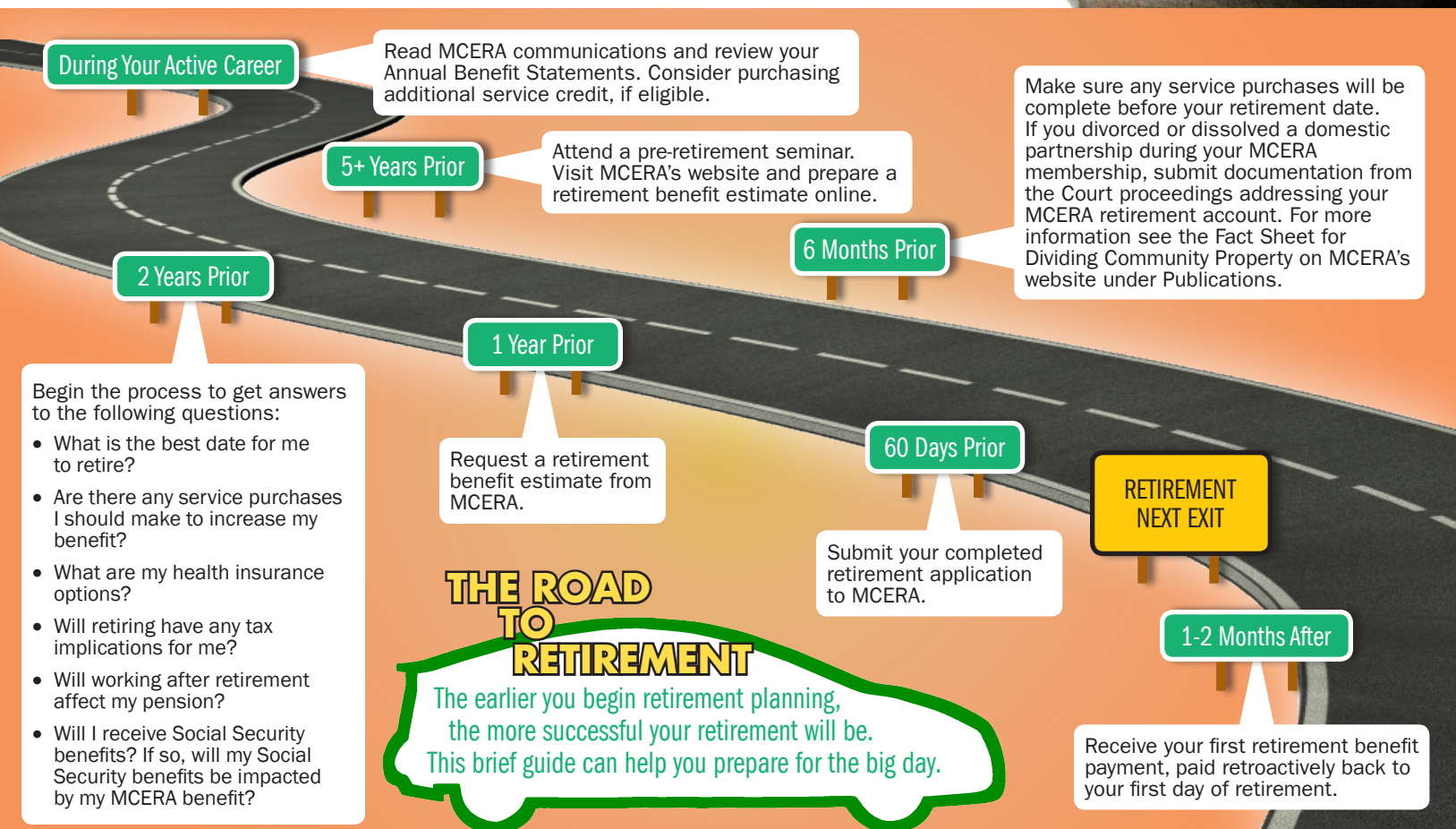
## Apply for Retirement with Reciprocal Employers

If you have reciprocity with another public retirement system, you must file a retirement application with each system using the same retirement date. MCERA does not submit your application to your reciprocal retirement system(s), but we do exchange final average compensation information. Failure to submit a retirement application to your reciprocal system(s) using the same retirement date breaks reciprocity, meaning your service credit and final average compensation will no longer be linked.

## Streamline Processing by Submitting Documents before Retirement

MCERA needs copies of your important documents that may affect retirement and survivor benefits. Having this information on file before you retire or terminate employment will streamline the processing of your application. Some examples are marriage or domestic partnership dissolutions, your beneficiary(ies) and your own birth certificate or passport, Social Security cards, marriage and domestic partnership certificates. When you submit your original documentation we will make a copy for our records and return the original to you.

*Continued on p. 5*



# Software Project Update



Successful  
first quarter,  
more  
milestones  
to come

We have hit some key milestones since the January 1 implementation of our new pension administration software system, wrapping up a successful first quarter of “live” operation.

Since implementation staff has processed nearly every type of calculation in the new system with accuracy, including retirements, service purchases, domestic relations orders and deaths. MCERA assumed the retiree payroll functions formerly processed through Marin County and our staff has now completed three retirement payroll cycles. We discovered that there were still challenges in this area, but we overcame obstacles quickly, learning and improving the software system and the process each time.

The next major milestone in the software project is to include the annual cost of living adjustment (COLA) with April 2012

retiree benefit payments. In the past, the COLA had to be calculated manually for many retiree accounts because of limitations to the previous software system. Thanks to detailed system planning and careful audits of member account data, preliminary COLA calculations performed in the new system were accurate and will not need manual adjustments.

Our outlook is positive as we approach more project milestones, such as quarterly tax reporting, interest crediting to member accounts, annual statements, and end-of-year financial reporting. We’re already identifying business areas where we can be more efficient with the help of our new software system. Thank you for your patience as we continue to maximize the system’s capabilities and adjust to a new way of doing business. ■

## RETIREMENT BOARD & COMMITTEE MEETINGS HELD THIS QUARTER

### January 3

Communications & Member  
Services Committee

### January 11

Retirement Board

### January 12

Investment Committee

### February 7

Governance Committee

### February 8

Retirement Board

### February 16

Finance & Risk Management  
Committee

### March 14

Retirement Board

### March 15

Investment Committee

### March 21-22

Strategic Workshop

## Board Meeting Highlights

### Key Actions from January thru March 2012

#### Retirement Board Members Appointed, Elected

The Retirement Board welcomed three new trustees this quarter. Kim Stevens, 6th member, attended her first meeting in January. Ms. Stevens was appointed by the Board of Supervisors to complete the term of recently-resigned trustee James Phillips, which ends October 31, 2013. Chris Cooper, 7th safety member, and Alan Piombo, 7th safety member alternate, attended their first meeting in March. Mr. Cooper and Mr. Piombo were elected by safety members to complete the term of recently-resigned trustee Karen Wofford, which also ends October 31, 2013.

#### Policies Revised, Adopted

The following policies were revised or adopted this quarter:

- Accessibility of Records Policy
- Economic Assumptions Policy
- Foreign Currency Exchange Policy
- Investment Code of Conduct and Insider Trading Policy
- Investment Policy Statement

#### Cost of Living Adjustment (COLA)

In February, the Retirement board affirmed the actuary’s calculation of a 2.5% COLA. Please see the article on page 2 for more information.

#### Budget Adopted

In March, the Retirement Board approved MCERA’s operating budget for the upcoming fiscal year ending June 30, 2013.

#### Semi-Annual Strategic Workshop

The Board convened for a two-day strategic workshop in March. Trustees discussed risk, asset allocation and portfolio rebalancing, as well as fixed income and its role within the portfolio. The Board also reviewed the economic and capital markets over the last ten years, projections of market returns, and factors that may affect the global economy in the coming decade. ■

All Retirement Board agendas, minutes and policies are posted on MCERA’s website, [www.mcera.org](http://www.mcera.org).





# Investment Insights: Asset Classes

One of the key strategies used by MCERA's Retirement Board to control risk in the investment portfolio is diversification, which the Board achieves by investing in different asset classes. For those of us who aren't investment professionals, the descriptions below shed some light on the central asset classes in which MCERA invests.

## Equities

Equities include stocks or any other publicly traded security representing an ownership interest. There are many different types of equity investments and sometimes the categories overlap. MCERA's equity holdings include:

### Domestic Large Cap

United States stocks with a large capitalization (numbers of shares outstanding times the price of the shares). Large Cap stocks typically have at least \$5 billion in outstanding market value.

### Domestic Small Cap

United States stocks with a small capitalization. Small Cap stocks typically have a market capitalization of \$500 million or less.

### International

Stocks in companies based outside of the

United States. MCERA's portfolio includes both large cap and small cap international equities, as well as investments in emerging markets. **Emerging market** equity involves investing in securities of companies or the sovereign debt of developing or emerging countries such as Brazil, India, Indonesia, Turkey, etc.

## Fixed Income

Fixed income investments are securities that pay a fixed rate of return. This usually refers to government, corporate, or municipal bonds, which pay a fixed rate of interest until the bonds mature.

## Real Estate

MCERA invests directly in specific properties as well as pooled real estate investment funds. Real estate returns historically have a low correlation with stock and bond returns, offering an element of diversification that reduces volatility.

## Private Equity

Private equity is capital that isn't quoted on a public exchange. Private equity consists of investors and funds that make investments directly into private companies or conduct buyouts of public companies that result in a delisting of public equity. ■

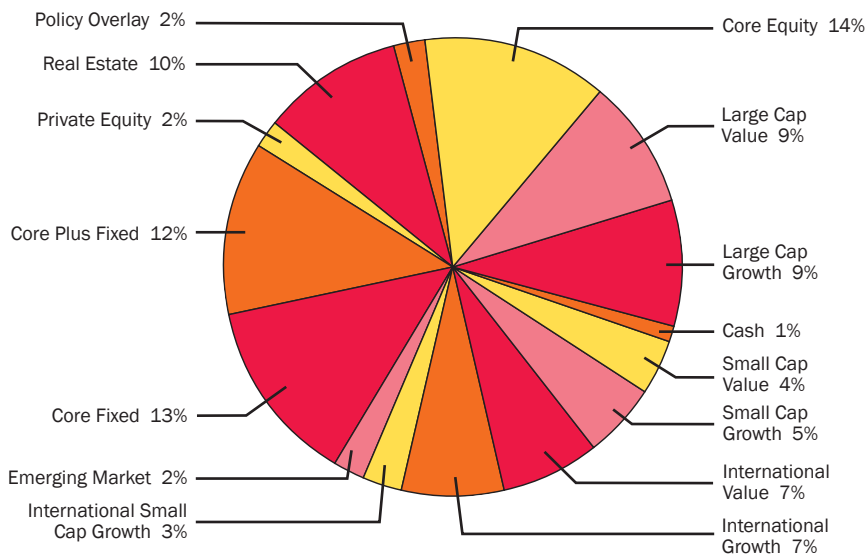
## Ready to Retire

*Continued from p.3*

### Retire with Confidence

MCERA staff are here to assist our members as much as possible. Once you've made the decision to retire, we want you to do so with a sense of confidence. Please contact us if you have questions about any part of the retirement process, including how to complete the retirement application, which documents you may need to submit, or which benefit payment option best suits your needs. If you're not quite ready to retire yet and need more information, visit our website ([www.mcera.org](http://www.mcera.org)) to review FAQs, download informational publications, or prepare your own retirement benefit estimate. ■

## Portfolio Pie as of December 31, 2011



Core Equity	\$	200,833,000
Large Cap Value	\$	126,339,000
Large Cap Growth	\$	126,404,000
Cash	\$	8,734,000
Small Cap Value	\$	61,458,000
Small Cap Growth	\$	68,180,000
International Value	\$	103,349,000
International Growth	\$	98,712,000
International Small Cap Growth	\$	37,564,000
Emerging Market	\$	34,501,000
Core Fixed	\$	190,187,000
Core Plus Fixed	\$	166,215,000
Private Equity	\$	34,935,000
Real Estate	\$	135,486,000
Policy Overlay	\$	32,429,000

TOTAL \$ 1,425,326,000



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## 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  
Southern Marin Fire  
Protection District  
Tamalpais Community  
Services District

# FUNDamentals



## Important Dates

### RETIREMENT BOARD MEETINGS

**May 2**  
Retirement Board  
**May 3**  
Investment Committee  
**June 13**  
Retirement Board  
**July 11**  
Retirement Board  
**July 12**  
Investment Committee

### RETIREE PAY DATES

**May 31**  
**June 29**  
**July 31**  
**August 31**

### OFFICE CLOSURES

**May 28**  
Memorial Day  
**July 4**  
Independence Day

### MCERA Office Hours

Monday - Friday  
8am - 5pm

**Call:** (415) 473-6147

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**Web:** [www.mcera.org](http://www.mcera.org)

#### 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.