

# RETIREE PAGE

## Keeping Up With Prices

Thirty years ago in 1980, a dozen eggs was 83 cents. Right now, you will probably spend over 2 dollars for a dozen. Over time prices inflate, and the U.S. Bureau of Labor Statistics measures this inflation each year using their Consumer Price Index (CPI). The CPI is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services such as food, housing, apparel, transportation, medical care, and education.

As a retiree of ACERA, you are guaranteed a Cost of Living Adjustment (COLA) each year by California's 1937 Retirement Act, to help offset this inflation. Your COLA is based on the CPI for the San Francisco Bay Area. So how do we translate the CPI into the COLA that we post on April 1 of each year? We look at the difference in Bay Area CPI from year to year.

In December 2009, the CPI was 2.61% higher than in December of 2008. According to the government code that governs COLA, the CPI is rounded to the nearest half percent. So this year the COLA percentage is 2.5%. Government code limits the COLA to 3% for Tiers 1 and 3, and 2% for Tier 2. If the percentage is over the limit, the extra is banked for future years. If the percentage is under the limit, percentages will be used from the COLA bank if there are percentages there. The 2010 COLA breaks down like this:

	% pulled from COLA bank	% banked for future	2010 COLA
Tier 1 before Apr. 1, 1988	0.5%	0.0	3.0%
Tier 1 after Apr. 2, 1988 and Tier 3	0.0	0.0	2.5%
Tier 2	0.0	0.5%	2.0%



### National Health Reform Analysis

In 2009, ACERA newly contracted with benefits consultant, Woodruff, Sawyer, and Co. Woodruff Sawyer analyzes the local and national markets for benefits that ACERA offers, like medical and dental care. They report their findings to ACERA so we can stay on top of trends and be aware of news that will inform decisions we make in the future.

One area that Woodruff Sawyer is keeping a close eye on is the debate surrounding national health insurance reform. They have been attending the monthly meetings of ACERA's Retirees Committee to present to the Committee their analysis of this immense national undertaking. We've posted these Board updates on our website for you to read. Just go to [www.acera.org/healthreform](http://www.acera.org/healthreform).

S	M	T	W	T	F	S
	MARCH					
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7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31	APRIL		
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4	5	6	7	8	9	10
11	12	13	14	15	16	17
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25	26	27	28	29	30	MAY
	1	2	3	4	5	6
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21	22	23	24	25	26	27
28	29	30	31	JUNE		
	1	2	3	4	5	6
7	8	9	10	11	12	

# ACERA Calendar

## ■ 2010 PRE-RETIREMENT PLANNING SEMINARS

March 4, April 6; 9:30-12:00

## ■ MID-CAREER SEMINARS

March 11, May 4; 9:30-12:00

## □ NEW MEMBER SEMINAR

June 3; 9:30-12:00

## ○ RETIREE EDUCATIONAL SEMINARS

March 16, May 13, 9:30-12:00, Medicare Transition

All seminars are held at ACERA 475 14th Street, 10th Floor, Oakland. To register, contact ACERA at 510-628-3000 or 800-838-1932 and specify the seminar you wish to attend. Space is limited.

## ■ 2010 CHECK MAILING DATES

March 30, April 29, May 27

## ■ 2010 RETIREMENT BOARD MEETINGS

March 18, April 15, May 20

Third Thursday of each month C.G. "Bud" Quist Board Room 10th Floor, 2:00 p.m.

Take a self-guided online Pre-retirement Planning seminar at <http://www.acera.org/membership/seminars/active/seminar.pdf>

**WEBSITE: WWW.ACERA.ORG**

**TELEPHONE: 510-628-3000**

**TOLL-FREE: 1-800-838-1932**

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Charles F. Conrad

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475 14th Street, Suite 1000  
Oakland, California 94612-1900

ALAMEDA COUNTY EMPLOYEES'  
RETIREMENT ASSOCIATION





WINTER 2010

# WHAT'S UP?

NEWS FOR ACERA MEMBERS



## Weathering the Storm

**W**ith news of continuing disorder in the economy, you may be wondering how your retirement system is faring.

The good news is that ACERA is doing well; we are weathering the storm. In fact, ACERA's Fund showed admirable resiliency in 2009.

Like all public pension funds, the value of ACERA's Fund started out 2009 in decline, reaching its lowest value in late February, as effects of the 2008 market crisis continued into the new year. Even though ACERA maintains a widely diversified portfolio, there were no safe investments in a world-wide market meltdown. However, even at the Fund's lowest point, ACERA did not suffer liquidity problems, so we did not have to sell assets to pay benefits.

When markets began to rebound in March, the market value of ACERA's investments started to rise again and continued to climb

steadily for the remainder of 2009. From its lowest point in February 2009 until the end of the year, the Fund gained over 30%, giving ACERA net earnings of approxi-



Winslow Homer

mately 26% for the year. Assets rose by over a billion dollars.

So what does this mean for your retirement benefits? ACERA funds the benefits we pay retirees by investing employee and **(continues)**

(continued from cover page)



employer contributions in order to grow our Fund to a size that allows us to pay all of the benefits we owe, now and in the future. Because employees and employers together fund 25 to 30% of the benefits we owe, investment earnings have to make up the rest. To reach this target, we assume that we're going to make 8% per year in investment income.

Have we made it? Within the last ten years, the U.S. suffered two of the biggest economic meltdowns in American history. So even though we didn't make 8% per year over the past 10 years, we did over the past 15 and 20 years. That's true of many public retirement funds—we make our economic targets over long periods of time. ACERA doesn't plan to fund the retirement system over five years or ten years. We fund over a long period—30 years. So over time, these systems work very well, and have been working for over 50 years since their creation.

We will continue to monitor ongoing market conditions that may hinder the economy and our investments in the short term, such as the slow recovery of labor markets, trouble in the commercial real estate market, and homeowners owing the bank more than their homes are worth. We may not be out of the turbulent water yet, but we're gaining strength and continue to have our sights fixed on the horizon.

# Access Your Free Credit Reports

**W**hen you apply for a credit card, a loan, insurance, and sometimes even an apartment or a job, the person(s) reviewing your application will purchase your credit report from one or more of the three nationwide credit reporting agencies—Equifax, Experian, and TransUnion—so they can find out a little more about you. A credit report includes information on where you live, how you pay your bills, and whether you've been sued or arrested, or have filed for bankruptcy.

Because your credit reports play such a large role in these major life events, the U.S. Fair Credit Reporting Act (FCRA) requires each of the three nationwide consumer reporting companies above to provide you with a free copy of your credit report, at your request, once every 12 months.

**How do I order my free report?** Visit [www.annualcreditreport.com](http://www.annualcreditreport.com), call 1-877-322-8228, or complete the Annual Credit Report Request Form at [www.ftc.gov/credit](http://www.ftc.gov/credit) and mail it to: Annual Credit Report Request Service, P.O. Box 105281, Atlanta, GA 30348-5281.

Do not contact the three nationwide consumer reporting companies individually. They are providing free annual credit reports only through the methods above.

You may order your reports from each of the three nationwide consumer reporting companies at the same time, or you can order your report from each of the companies one at a time. The law allows you to order one free copy of your



report from each of the nationwide consumer reporting companies every 12 months.

**Don't fall for "imposter" websites** Only one website is authorized to fill orders for the free annual credit report you are entitled to under law: [www.annualcreditreport.com](http://www.annualcreditreport.com). Other websites that claim to offer "free credit reports," "free credit scores," or "free credit monitoring" are not part of the legally mandated free annual credit report program.

**What should I do with my credit report?** Make sure the information is accurate, complete, and up-to-date before you apply for a loan for a major purchase like a house or car, buy insurance, or

# message from the CEO

Dear Members,

ACERA has embarked on one of our largest administrative projects in recent years. The Electronic Data Management System (EDMS) project will eventually provide a totally automated, electronic recordkeeping system, replacing paper files and memos.

Once fully implemented, all data can be easily protected from possible disaster events and be easily shared within ACERA between staff members. This will increase the speed, accuracy, and efficiency of all the ACERA functions, from Legal to Benefits to Accounting. And it will save tons of paper.

The EDMS project will take time—several years in fact—to be fully installed and to fully realize operational efficiencies. It will require all ACERA employees to rethink their work processes and procedures. We have engaged experienced, professional consultants with extensive experience in these organizational conversions to help us through the process. As with the inception of fax machines, computers, and cell phones, we will someday look back and wonder how we ever got things done with paper.

*Charles F. Conrad*

Charles F. Conrad  
Chief Executive Officer



apply for a job. Verifying the accuracy of your report is also important in guarding against identity theft.

**What if I find errors in my credit report?** If you discover inaccuracies or incomplete information in your credit report, tell the consumer reporting company, in writing, what information you think is inaccurate, and the company must investigate the items in question. Under the FCRA, both the consumer reporting company and the information provider (that is, the person, company, or organization that provides information about you to a consumer reporting company) are responsible for correcting inaccurate or incomplete information in your report.

For more information visit [www.ftc.gov/credit](http://www.ftc.gov/credit).

# investment performance

In the third quarter of 2009, the Board interviewed the finalists for the U.S. Large Cap Growth Equity Manager search with possible motion to either replace or continue to retain Trust Company of the West, ACERA's incumbent investment manager. The Board decided to defer any further action until additional pertinent information is gathered. The Board also discussed ACERA's International Equity and Fixed Income Manager structures and decided on no changes to both structures. With respect to ACERA's PEARLS portfolio, \$35 million was committed to Centerbridge Special Credit Partners, as part of the Debt-Related/Special Situations allocation. \$15 million was committed to Khosla Ventures as part of its Venture Capital allocation.

For the quarter, every major domestic equity index posted a positive return. The DJIA, S&P500, and NASDAQ returned 15.8%, 15.6%, and 15.7%, respectively. The Barclays Capital Aggregate Bond Index returned 3.7%.

ACERA's total Fund returned 14.2% in the third quarter of 2009 and was ranked in the upper 9th percentile among public funds greater than \$100 million. The Fund outperformed its policy index by 1.0%. Longer term, the three-year gross return of -0.7% and the five-year gross return of 4.6% trailed its Policy Index by 1.3% and 0.6% ranking in the 56th and 39th percentiles, respectively. The market value of the total Fund as of 9/30/09 was \$4,517,930,270.

## Investment Returns for 3rd Quarter, 2009\*

	3rd Quarter	1 Year	3 Year	5 Year
TOTAL FUND	14.2%	2.8%	-0.7%	4.6%
Policy Index**	13.2%	2.6%	0.6%	5.2%

\* Returns for periods greater than one year are annualized. Results of all publicly traded investments are presented in accordance with CFA Institute standards.

\*\* The Policy Index is 37% Russell 3000/ 18% Barclays Aggregate/ 3.6% Citigroup WGBI - ex U.S./ 2.4% Barclays High Yield/ 23% MSCI AC World - ex U.S./ 6% NCREIF Property Index / 10% Russell 3000 + 150 bps.

# LIVE WELL

## 3 Questions to Save a Life

*Can you smile?*

*Can you raise both arms and keep them up?*

*Can you repeat a simple sentence?*

**Y**ou can perform these simple requests easily, right? Yet, a person having a stroke might have difficulty passing this test. You might see one side of their face droop when they try to smile, or one arm drift down when they try to keep both up. And they may have trouble coherently repeating a sentence you give them.

What is happening? A stroke occurs when a blood vessel in the brain is blocked or bursts. Without blood and the oxygen it carries, part of the brain starts to die. The part of the body controlled by the damaged area of the brain can't work properly.

Brain damage can begin within minutes, so it is important to know the symptoms of stroke and act fast. If a stroke is diagnosed quickly—within the first 3 hours of when symptoms start—chances of a speedy or full recovery increase dramatically.

Stroke strikes fast. You should too. Call 911 at the first sign of these common symptoms:

- Sudden numbness or weakness of the face, arm, or leg—especially on one side of the body
- Sudden confusion, trouble speaking, or understanding
- Sudden trouble seeing in one or both eyes
- Sudden trouble walking, dizziness, loss of balance

"She's coming down with something—she just needs some rest." "This guy is drunk." Due to low stroke awareness, strokes are sometimes misconstrued as intoxication or rapid onset of a cold or flu. But strokes are more common than most people are aware. In fact, strokes are the third leading cause of death in the U.S. each year, after heart disease and cancer. Around 795,000 U.S. residents will have a stroke this year, which is one stroke every 40 seconds, on average. Many of these cases will survive and recover through

increased awareness and quick action of people like you.

So if someone is exhibiting signs of a stroke such as numbness, confusion, or trouble seeing, speaking, or walking, administer the test. *Smile. Raise both arms and keep them up. Repeat a simple sentence.* If they have trouble, call 911 immediately. Keep in mind that if they pass the test but are exhibiting symptoms, they may still be having a stroke. When in doubt, call 911 immediately.

### LOWER YOUR STROKE RISK

**You can lower your risk of stroke by making some important lifestyle decisions:**

- **Don't smoke.** Smoking can more than double your risk of stroke. Avoid secondhand smoke too.
- **Eat a fresh, healthy diet that includes a variety of fruits, vegetables, nuts, beans, high-fiber grains, and olive oil, as well as fish, if you eat meat. Avoid processed "foods." Avoid partially hydrogenated oil at all costs.**
- **Try to do moderate activity at least 2-hours a week.** It's fine to be active in blocks of 10 minutes or more throughout your day and week. Exercising with others helps keep you motivated.
- **Achieve and maintain a healthy weight. It's time.** Make an appointment with a dietitian if you think you need help.
- **Keep your cholesterol and blood pressure at healthy levels.**
- **If you have diabetes, keep your blood sugar as close to normal as possible.**