

# What's Up?

News For ACERA Members

## Death Benefits Reduced SRBR Lifespan Increased

In December, ACERA's Board of Retirement eliminated two non-vested benefits—the Active Death Equity Benefit and Lump Sum Death Benefit—to enhance sustainability of the Supplemental Retiree Benefits Reserve (SRBR) fund.

### History and mechanics of the SRBR fund

Alameda County is one of three California counties with an SRBR fund established by the Alameda County Board of Supervisors in 1985 under California law. The SRBR's sole purpose is to provide supplemental benefits to ACERA retirees. The SRBR receives funds whenever ACERA's general investment fund earns more interest than our actuary assumed it would earn—the SRBR gets half of the interest above the assumption after losses are recouped. As of December 31, 2012 the ending SRBR balance was \$571 million, down from \$610 million the year before.

### Vested vs. Non-vested retirement benefits

Vested means guaranteed, so a vested benefit is a guaranteed benefit for ACERA retirees. In order to supplement your vested retirement benefits, ACERA defrays the cost of certain non-vested benefits with the SRBR. These non-vested benefits are subject to the annual review of the ACERA Retirement Board which may renew, adjust, or eliminate the benefit(s).

Retiree Vested Benefits	Retiree Non-Vested Benefits
Service Retirement Allowance	Monthly Medical Allowance (MMA)
*Disability Retirement Allowance	Dental Coverage Subsidy
Annual Cost of Living Adjustment (COLA)	Vision Coverage Subsidy
\$750 Retiree Death Benefit	Medicare Part B Reimbursement Plan
	Supplemental COLA

\*As long as a recipient remains disabled to perform job duties.

## Non-vested benefits rely on the SRBR

Non-vested benefits are NOT guaranteed. ACERA's ability to maintain these non-vested benefits relates directly to the how much is in the SRBR fund—which is monitored closely for sustainability.

## How long will the SRBR fund last?

ACERA's Board policy is to annually assess whether the SRBR will last at least 15 years into the future; if our actuary's projection says it won't, then the Board may adjust benefits. In the wake of the 2008 worldwide financial meltdown, the SRBR has seen a declining balance since 2007. The actuary provided projections last September reporting 15-years and this May reporting 14-years.

## Projected Years of SRBR Lifespan



\* Actuary made 2 projections; May 2012 and September 2012

## Member preferences

A survey of all ACERA members has shown that members consider the Monthly Medical Allowance, the Medicare Part B Reimbursement Plan, and the Supplemental COLA to be the most desired of all the non-vested benefits. Other SRBR non-vested benefits (including the two eliminated) ranked at the bottom in priority.

When	What we did	Savings
2010–2013	Held levels of Monthly Medical Allowance steady	\$1.7 million
2011	Accessed federal Medicare prescription rebates	\$257,000
2012	Switched vision plans with little effect on members	\$100,000 per yr.
2012	Implemented Medicare Exchange	~ \$3 million per yr.

You may count on ACERA to continue to monitor long-term sustainability of our non-vested benefits.

## December 2012 Board action

Taking into account the lifespan of the SRBR as well as the preference of ACERA's members, ACERA's Board voted in December to discontinue the two non-vested death benefits that had previously been offered:

1. The Active Death Equity Benefit (ADEB)
2. The (non-vested) Lump Sum Death Benefit

The purpose of the ADEB was to increase the continuance benefit payable to qualified beneficiaries in the event an actively working vested ACERA member died before retiring. The purpose of the Lump Sum death benefit was to provide additional funds (for funeral, burial, etc.) upon death of an ACERA retiree.

## Members still have death benefits

Notwithstanding the Board's action, ACERA retirees continue to enjoy one of the most generous package of non-vested benefits among California county pension systems. **Additionally, for active members who die before retirement, California law provides for a continuance payment to your spouse, state-registered domestic partner, or minor children.** For retired members, ACERA's five retirement options provide varying levels of death benefits to your beneficiary(ies). Review your retirement contract for more information. Additionally, retired member's beneficiaries will still receive the \$750 vested lump-sum death benefit payment.

## Focus on sustainability

The Board's decision to eliminate the two non-vested death benefits will save roughly \$1 million annually, and this is only one of a number of things ACERA has done in recent years to increase the sustainability of the non-vested benefits.

### The Future of Non-Vested Benefits

The Board's monitoring of SRBR sustainability will continue into the future. During 2013, the Board may look at adjusting eligibility requirement for the Medicare Part B Reimbursement Plan, dental benefits, and/or vision benefits, as well as other adjustments that will increase the lifespan of the SRBR.

## What's Up – 4th Quarter 2012

During the fourth quarter of 2012, the Retirement Board adopted an amended 7¾% Mix Target Asset Allocation, specifically, 32% to US Equity, 27% to International Equity, 15% to Fixed Income, 6% to Real Estate, 15% to PEARLS, and 5% to Real Return Pool. The Board also adopted an amended ACERA Placement Agent Disclosure Policy; amended Real Estate Strategic Plan, Objectives, Policies and Procedures; the 2012/2013 Investment Plan for ACERA's Real Estate Portfolio; amended PEARLS Policy; and the 2012 – 2014 PEARLS amended Investment Plan for ACERA's PEARLS Portfolio. In addition, the Board made commitments to two Real Estate Investment Managers of \$40.0 million each. ACERA Staff also made a \$7.5 million commitment to a debt-related/special situations manager.

ACERA is a long-term investor with a well-diversified, conservative portfolio. For the quarter ending December 31, 2012, ACERA's Total Fund returned 2.5%, ranking it in the upper 9th percentile among public funds and finished the fourth quarter at a market value of \$5.7 billion. Domestic Equities returned 0.3%, International Equities returned 6.1%, and Fixed Income returned 2.2% during the fourth quarter. ACERA's Real Estate managers composite and Private Equity and Alternatives Return Leading Strategies (PEARLS) composite returned 2.9% and 2.4%, respectively, during the fourth quarter. The Real Return Pool composite returned -1.3% during the fourth quarter.

## Investment Returns for 4th Quarter, 2012\*

	4 Qtr	1-year	3-year	5-year
<b>Total Fund</b>	2.5%	15.0%	9.5%	3.0%
<b>Policy Index**</b>	1.8%	13.7%	8.9%	3.4%

\* Returns for periods greater than one year are annualized. Results of all publicly traded investments are presented in a format consistent with the CFA Institute's Global Investment Performance Standards\*.

\*\*As of October 1, 2011, the Policy Index is 34% Russell 3000/ 15% Barclays Aggregate/ 3% Citigroup WGBI - ex US/ 2% Barclays High Yield/ 25% MSCI AC World - ex US IMI/ 6% NCREIF Property Index/ 10% Russell 3000 + 100 bps/ 5% CPI + 300 bps.

## Can You Prevent Cancer?

**Cancer is not totally outside your control. Although genetic factors may cause cancer, inherited genes are responsible for a fraction of cancers. This means that through lifestyle and environmental strategies, you can considerably reduce your risk of developing cancer.**

### Cancer is increasingly common these days.

The American Cancer Society estimates that one half of US men and one third of US women will develop cancer. It's the second leading cause of death and impacts about 1.6 million people in the U.S. annually.

### What is cancer, anyway?

Cancer is a disease in which cells with abnormal DNA multiply out of control and invade bodily tissue.

### Cancer's spread.

The reproduction of cancerous cells most often leads to the formation of tumors in a single area, but sometime the cells will circulate through the bloodstream or lymphatic system and grow in other parts of the body. With time, cancerous tumors replace healthy tissue and disrupt or destroy the normal functioning of bodily organs.

### Cancer's causes.

Although a person's abnormal DNA may be inherited, up to 95% of all cancers are caused by lifestyle or environmental factors (see chart at right). And therein lies the good news: you might be able to prevent cancer by simply making the right lifestyle choices! (Anand et al. 2008, 2009) <sup>1</sup>

## List of Cancer Preventing Foods

- » Fruits and vegetables
  - Blueberries especially
- » Cruciferous vegetables
  - Cauliflower
  - Cabbage
  - Cress
  - Bok Choy
  - Broccoli
- » Green tea
- » Turmeric
- » Oily fish (fresh, frozen, or jarred; not canned)
  - Wild Pacific salmon (U.S., Canada)
  - Herring
  - Rainbow Trout
  - Mackerel
  - Anchovies
- » Ground flax seeds
- » Dark chocolate
- » Pomegranate juice
- » Tomato sauce

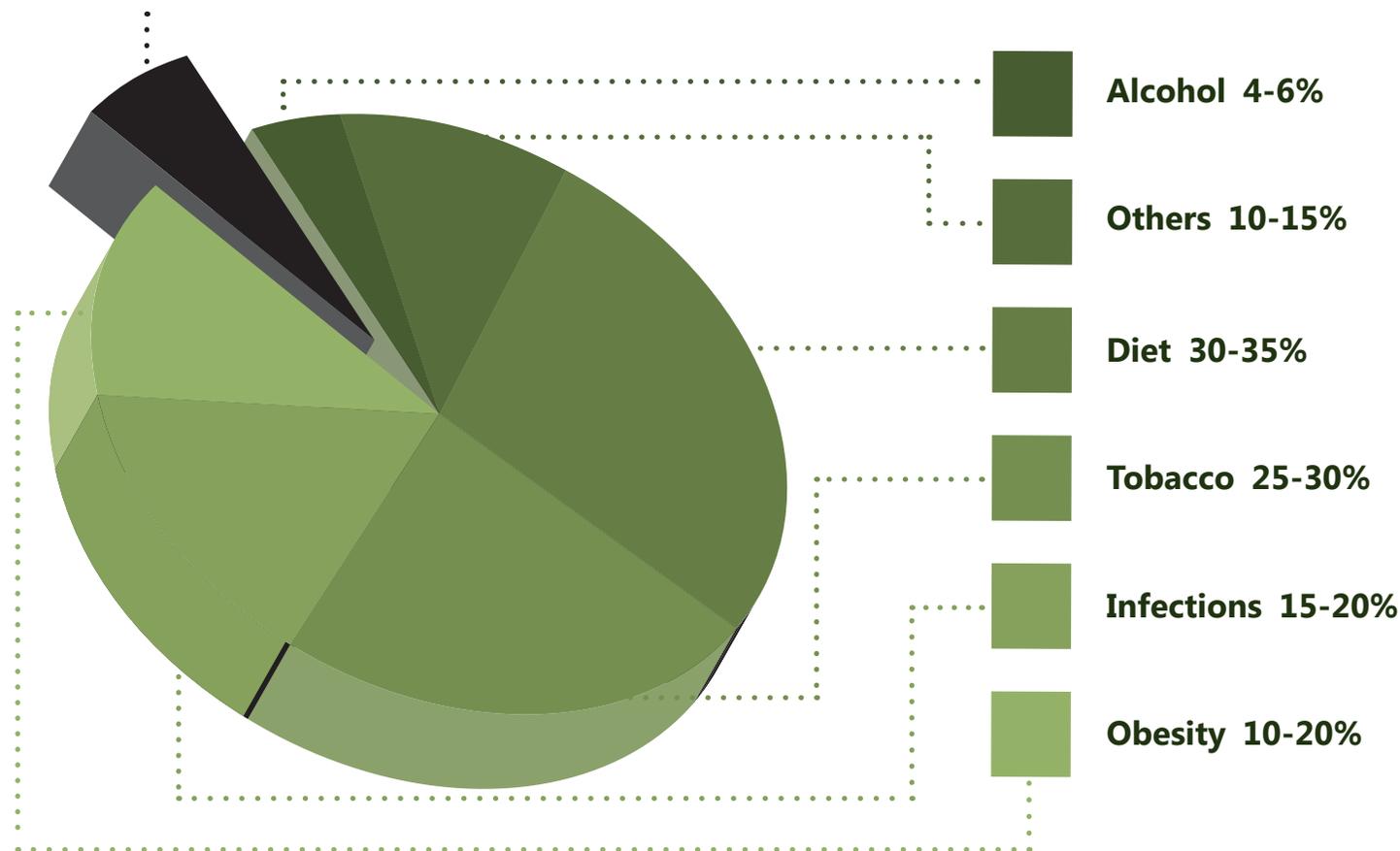
### IMPORTANT

If you've already been diagnosed with cancer, definitely check with your doctor before making changes to your diet as some cancer-preventing foods may increase cancer once it's established.

<sup>1</sup> Anand, Preetha et al. "Cancer is a Preventable Disease that Requires Major Lifestyle Changes." *Pharmaceutical Research* Vol. 25, No. 9, (September 2008): 2097-2116.

## Genes 5-10%

## Environment 90-95%



## Things you can do to LOWER cancer risk

### Behavior

**Cease smoking** and enjoy a 33% reduction in cancer risk

**Join a team, dance, swim, move.** Being physical helps keep your weight down and increases your happiness, another factor in cancer prevention.

**Get sun in spring and summer.** Getting the sun's UVB rays on your skin for 10-30 minutes per day (less for lighter, more for darker skin) in spring and summer without sunscreen will allow your body to make Vitamin D3, which regulates cells in a way that prevents cancer. (UVB rays don't reach higher latitudes like Alameda County in winter.) Taking a vitamin D supplement may be a good alternative.

**But totally avoid sunburn.** A handful of serious sunburns can double your risk of skin cancer.

### Diet

**Eat more plants, and buy fresh.** More than 25,000 phytochemicals, which may protect against cancer, have been identified in fruits and vegetables. Recently harvested food has the most. Get it at your local farmer's market or Community Supported Agriculture (CSA) group. Find one at [www.localharvest.org](http://www.localharvest.org)

**Consume fresh foods.** Avoid processed foods, which often contain nitrites, nitrates, and other carcinogens.

**Drink coffee.** Many studies have shown coffee to reduce risk of oral, esophageal, and liver cancer.

**Avoid sugar and sugary drinks.** Refined sugars increase cancer risk.

**Don't heat food in plastic.** Chemicals in plastic can leach into your food, including carcinogens BPA and vinyl chloride. Avoid canned foods that don't have a "BPA Free Lining" for the same reason.

# Retiree Page

## Seeking a Specialist

Everyone should have a good primary care physician for the ordinary medical problems that come up from time to time. But since the whole science of medicine has become so complex, many doctors specialize in a narrow field that your primary care physician is not equipped to handle. How do you know if you need a specialist? The best way is to ask your primary care physician. If she or he says you have a particular medical problem, ask if there is anyone who specializes in that area, and if you would benefit from consulting with that type of physician.

If you have determined that you need to see a specialist, remember that any doctor can legally use the title “specialist” without having completed any official training or gaining certification from the American Board of Medical Specialties (ABMS). Check [www.abms.org](http://www.abms.org) to verify that a specialist is board-certified. Here are suggested sources for compiling a list of doctors:

- Request a referral from your primary care physician, or other health professionals
- Request a list of doctors from your insurance provider
- Ask family members, co-workers, and friends for recommendations
- Contact the doctor referral service at your preferred hospital
- Check with the medical society of the society of the specialty you’re looking for
- Search [www.abms.org](http://www.abms.org) for a board-certified specialist by specialty or location

Whether you’re choosing a primary care physician or a specialist, you should do some investigating during your selection process. You may want to consider the following factors:

- What are the doctor’s technical abilities? Check education background and professional associations, including hospital privileges and board certification at [www.abms.org](http://www.abms.org).
- Is the physician easily available? If you have an emergency, he or she should be able to make time to see you the day you call, as well as be available to talk to you by phone and return your call promptly.
- Is the doctor in a solo or group practice? If alone, are their other doctors available who will cover when your doctor is away, and who will have access to your medical records? If in a group, do you have confidence in these associates?
- What is the physicians’ medical philosophy? Does she or he dismiss all your problems—or prescribe medication every time you have a complaint?
- Is the specialist covered by your insurance? What kind of payment is required? Do you have to pay the fee directly, or will the doctor’s office bill the insurance company?
- Finally, do you feel you can confide in the doctor completely and can you expect an informed and considered opinion?

Excerpted from *The Wellness Encyclopedia*, University of California Berkeley, Houghton Mifflin Co. 1991, as well as [www.abms.org](http://www.abms.org)

## Message From the CEO



Governor Jerry Brown signed the California Public Employees’ Pension Reform Act in September (Assembly Bill 340), which became effective January 1, 2013. The legislation includes implementation of a new tier for new members, a new 180-day limitation on general members returning to work for their employer after retirement, and upcoming changes in the way your employee retirement contributions are calculated.

In September, the Governor also signed Assembly Bill 197, a companion to AB340. This bill is facing legal challenges in several California counties—including Alameda, Contra Costa, Marin, and Merced, on issues including the law’s constitutionality and the methodology used to calculate members’ pensionable salary. Although such law suits will delay full implementation of AB 197, a judicial resolution should lend much-needed clarity to the process. Accordingly, I encourage you to regularly review our pension reform webpage at [www.acera.org/pension\\_reform/](http://www.acera.org/pension_reform/) for explanations of the new pension law and updates as to how it will affect ACERA members.

*Vincent P. Brown*

Vincent P. Brown

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August				1	2	3
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September						
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October						
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27	28	29	30	31		

- August 1** Pre-Retirement Seminar | 9:00 AM - Noon
- August 15** Retirement Board Meeting | 2:00 PM
- August 29** New Employee Seminar | 9:30 AM - Noon
- August 30** Check & Direct Deposit Payable Date

- September 19** Pre-Retirement Seminar | 9:00 AM - Noon
- September 19** Retirement Board Meeting | 2:00 PM
- September 30** Check & Direct Deposit Payable Date

- October 10** Mid-Retirement Seminar | 9:30 AM - Noon
- October 17** Retirement Board Meeting | 2:00 PM
- October 31** Check & Direct Deposit Payable Date

Retirement Board Meetings are on the third Thursday of each month.  
C.G. "Bud" Quist Board Room 10th Floor; 2:00 PM.

**Website: [www.acera.org](http://www.acera.org) | Telephone: 510-628-3000 | 1-800-838-1932**

All seminars are held at ACERA, 475 14th Street, 11th Floor, Oakland.

To register, contact ACERA at 510-628-3000 or 1-800-838-1932 and specify which seminar you wish to attend. Guests welcome.

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