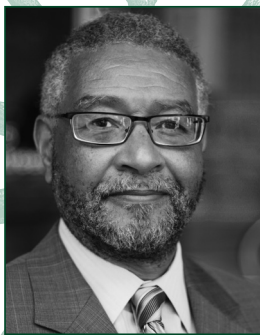


WHAT'S UP?

NEWS FOR ACERA MEMBERS

A New Captain at the Helm



The ship known as ACERA now sails under the watch of a new captain. Vincent ("Vince") Brown became ACERA's new CEO in July after a comprehensive search by ACERA's Board of Retirement. Vince replaces Chuck Conrad (who retired in May 2010) and Acting CEO Catherine Walker (who resumed her duties as Assistant CEO). Reporting directly to the Board, Vince is responsible for executing ACERA's mission in compliance with governing law and Board policy.

Although new to ACERA, Vince has more than thirty years of professional industry experience. Most recently, as CEO of the Santa Barbara County Employees' Retirement System (SBCERS), Vince managed its \$1.9 billion pension fund and staff of 20 employees. Prior to SBCERS, Vince was a Director in the Global Public Sector practice at Grant Thornton LLP where he consulted on state and local government issues. For almost six years, Vince held senior executive positions at the California State Department of Finance (Chief Deputy Director) and the California State Controller (Chief Operating Officer), and he spent almost nine years at the California Public Employees' Retirement System (Deputy Executive Officer – Operations, and Assistant Executive Officer – Financial & Administrative Services). Vince also worked as a Senior Analyst for the Legislative Analyst Office in the California Legislature.

Vince came to California to escape the cold East Coast. He grew up in Buffalo, NY where he worked a summer job at a steel plant before receiving his Bachelor of Arts Degree in Political Science from LeMoyne College in Syracuse and his Master of Public Administra- **(continues)**



(continued from cover page)

tion from the State University of New York at Albany. Starting out his career in New York, Vince worked as a Budget Analyst for the New York State Assembly Ways and Means Committee and returned during the mid-eighties to serve as the Assistant Budget Director for the New York State Division of Budget.

Upon casting off with ACERA, Vince immediately began charting his course by meeting individually with Board members and managers to identify the most urgent navigational goals at ACERA:

- To effectively manage ACERA's investment portfolio for a maturing membership
- To keep a weather eye on the pension reform debate
- To gauge the impact and influence

the outcome of legislative efforts

- To expand the working relationship with ACERA's participating employers
- To study the effects of evolving healthcare programs on ACERA

Asked to comment on his experience to date, Vince said, "ACERA is a functionally sound system that provides excellent service to its members and stakeholders. I enjoy working with the Board and appreciate its support of my approach; in fact, it is an honor to be ACERA's Chief Executive Officer, and I look forward to working with the Board, management, and staff to tackle the pension fund challenges ahead."

On a more personal note, Vince is a longtime fan of the Oakland Athletics—stretching back even to the

Your personal ACERA retirement planning tool coming soon!

ACERA's Web Member Services will launch in 2012, giving you access to view your retirement contribution balance and personal retirement estimator. Retirees will be able to view their monthly payroll information and much more!

colds of New York—and is especially fond of the Reggie Jackson era. Vince played baseball until age 20, then fast-pitch softball, then he began coaching and managing baseball for his two boys (one has graduated from UC Santa Cruz and the other is a junior at Santa Clara). Vince is married to Ann Boynton who is Deputy Executive Officer of Benefit Programs Policy and Planning at CalPERS.

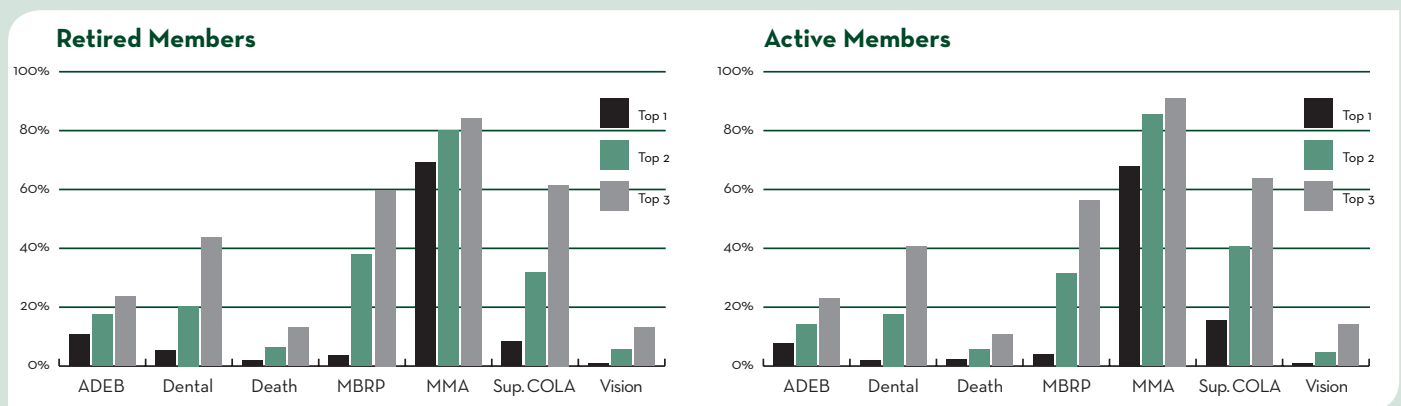
NON-VESTED BENEFITS SURVEY RESULTS ARE IN

Remember the survey you took in May/June that asked you about ACERA's non-vested benefits? The results are in. These results will help ACERA's Board of Retirement understand members' opinions of their non-vested benefits, and will help the Board plan for the future.

The first question asked members to rank the non-vested benefits from most important to them to least important to them. The non-vested benefits asked about were:

- Active Death Equity Benefit (ADEB)
- Dental Coverage Subsidy (Dental)
- Lump Sum Death Benefit (Death)
- Medicare Part B Reimbursement Plan (MBRP)
- Monthly Medical Allowance (MMA)
- Supplemental Cost of Living Adjustment (Sup. COLA)
- Vision Coverage Subsidy (Vision)

The two graphs below show what percentage of retired and active members ranked each benefit as their top choice, one of their top 2 choices, or one of their top 3 choices.



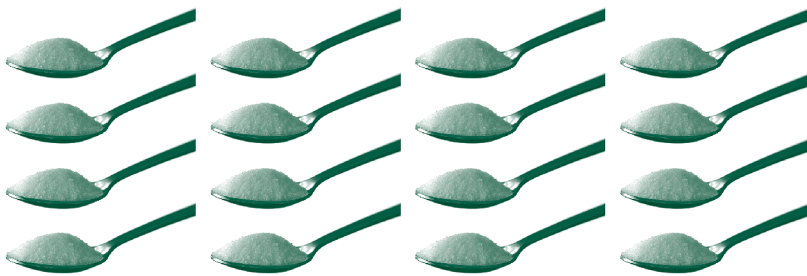
The survey went on to ask 8 more questions about ACERA's non-vested benefits, but the results are too extensive to list completely here. To view the full results, look for 2011 Benefits Survey at www.acera.org/downloads.

Extend your life and lifetime benefit—tips for living well before and after retirement

A Beautiful Day

Close your eyes. (You may need a friend to read to you.) Visualize a great day. You just had an excellent night's sleep, the sun is shining, and you have incredible energy. You eat lunch in the breeze, and you can taste the buttery earthiness of the sautéed chanterelle mushrooms, the complicated sweet/acid burst of garden-grown tomatoes, the soft spice of cold mint tea. You don't feel overly full and you're feeling fit and in shape. You're not getting sleepy, and you're not craving anything else. And your wallet is full of money. Is this all starting to seem silly?

Well it's not. This day is in your grasp. All you have to do is stop eating this:



This photo illustrates the over 20 teaspoons of refined sugar the average American consumes per day, either overtly in soda or desserts, or covertly in a myriad of packaged food-like substances. This stuff is weighing you down. It's weighing down your ability to enjoy the subtleties of food, because it's masking flavors in a veil of bland sweetness. Studies show that excess refined sugar's roller-coaster effect on your insulin levels saps your energy throughout the day and contributes to bad sleep at night. Eating too much refined sugar puts you at risk for a list of diseases too numerous for a short article, but includes cancer and heart disease. And excess sugar is **the** major factor in the extra pounds you're carrying around, which can lead to diabetes. The only thing refined sugar doesn't weigh down is your wallet, because you're emptying it at the doctor's office.

If you're eating this much sugar, you may be dependent on it. To overcome this dependence, try this:

Maintain physical distance: Go to your fridge, cupboard, and desk drawer, and throw out anything with added sugar like soda, snacks, and candy. Do it fast, like yanking a band-aid.

Maintain emotional distance: To ease the transition out of emotional attachment to sugar, replace it with something. The best thing is muscle food—real food that probably doesn't come in a package. Eat a full breakfast, and whenever you want sugar throughout the day, eat nuts or fruit instead.

Recognize it as a process, not an event: Eventually you will become unattached from sugar and stop wanting it, but not on the first day. Don't think you've totally failed if you eat a little sugar. A little won't kill you.

Seek support from authors, friends, and counselors: Other people have gone through this. Find them so they can educate you on strategy and encourage you through the difficult times.

Measure success: That which is measured, is managed. Keep a journal of your progress. Record weekly stats like your weight and waist size. Hang a before-photo on your fridge and take progress shots. Progress encourages more progress.

investment performance

During the second quarter of 2011, the Retirement Board established a Real Return Pool asset class. To accommodate the new category, the Board adopted a revised asset allocation structure: U.S. Equity 34%, International 25%, Fixed Income 20%, Real Estate 6%, Private Equity and Alternatives Return Leading Strategies (PEARLS) 10%, and Real Return Pool 5%. The Retirement Board also approved one new PEARLS investment and one new Real Estate investment. For the second quarter 2011, every major domestic and international equity index posted slightly positive returns. The Standard & Poor's 500 and NASDAQ Composite stock indices were mixed at +0.1% and -0.3%, respectively. The fixed income markets were slightly positive, with the Barclays Capital Aggregate up almost 2.3%.

ACERA's total Fund returned 1.0% in the second quarter 2011 and ranked in the 66th percentile among public funds greater than \$100 million. The Fund exceeded its policy index of 0.9% during this time period. Longer term, the 5-year average annual return was 5.1%, ranking in the upper 36th percentile. The 10-year and 15-year returns ranked in the upper 11th and 12th percentiles, respectively, with 6.6% and 8.1% annualized returns, respectively. The market value of the total Fund as of 6/30/11 was \$5,449,874,936.

Investment Returns for 2nd Quarter, 2011*

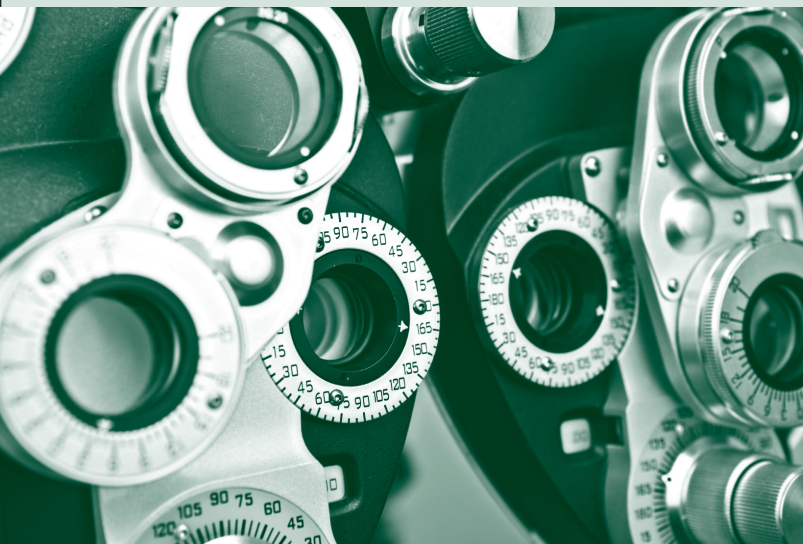
	2nd Quarter	1 Year	3 Year	5 Year
TOTAL FUND	1.0%	25.5%	5.0%	5.1%
Policy Index**	0.9%	24.7%	5.2%	5.8%

* 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 June 30, 2011, the Policy Index is 37% Russell 3000 / 18% Barclays Aggregate / 3.6% Citigroup WGBI - ex US / 2.4% Barclays High Yield / 23% MSCI AC World - ex US / 6% NCREIF Property Index / 10% Russell 3000 +150 bps.

RETIREE PAGE

Your Vision Plan and Medicare Advantage Plan Can Work Together



If you are an ACERA retiree, you are automatically enrolled in ACERA's VSP vision care plan, and your monthly premium is paid for. If you are a family member, beneficiary, or survivor, you have the opportunity to enroll in VSP each November during ACERA's Open Enrollment.

If you're Medicare eligible (usually 65 or older), and you're enrolled in ACERA's Kaiser Senior

Advantage medical plan or UnitedHealthcare Medicare Advantage medical plan (not the Senior Supplement plan*), your plan also provides vision coverage. You can make this coverage work together with your VSP vision plan by taking advantage of the Non-VSP Network Provider benefits in the table below. Here's how:

First, what VSP covers

Benefit	VSP Network Provider	Non-VSP Network Provider
Examination (every 12 mos.)	100%	Up to \$50
Single Vision Lenses Lined Bifocal Lenses Lined Trifocal Lenses	\$25 copay then plan pays 100%, every 12 months	Up to \$50 Up to \$75 Up to \$100
Frames (every 24 mos.)	\$120 allowance with 20% discount on amount above allowance	Up to \$70
Contact Lenses	\$105 allowance for contacts and contact lens exam and fitting	Up to \$105

Forward your Medicare Advantage plan copays to VSP

If you receive your annual eye examination from your medical plan provider, you will be charged a copay. You can remit that copay to VSP for payment, and you will be reimbursed for up to \$50, one time per 12 months, starting when you get the first exam.

(continues)

*Note: The UnitedHealthcare Senior Supplement plan (not a Medicare Advantage plan) only provides very limited coverage through Medicare.

Forward your expenses for prescription glasses to VSP

If you buy frames and lenses with your Medicare Advantage medical plan, any copays or costs for those items above what your medical plan covers can be remitted to VSP for payment. For example, if Kaiser charges you \$270 for your frames and single vision lenses, and your biannual Kaiser vision allowance is \$150, you can remit the remaining \$120 charge to VSP and receive a \$70 maximum reimbursement for the frames and/or a \$50 maximum reimbursement for the single vision lenses. (You can't do it the other way around by getting glasses from VSP and submitting additional expenses to your medical carrier.)

Stagger prescription glasses

Both VSP and your Medicare Advantage medical plan will limit you to one pair of prescription glasses every 24 months, starting when you get your first pair. If you need prescription glasses each year, you can stagger them, filling a prescription from VSP, then from your medical plan 12 months later, then from VSP again 12 months after that.

For more vision care information, call:

- Kaiser Permanente Senior Advantage:
1-800-443-0815 (Group #7668)
- UnitedHealthcare Group Medicare Advantage:
1-888-867-5548 (Group #149662)
- VSP: 1-800-877-7195 (Group #12110712)

Visit www.acera.org/downloads/ for a VSP Member Reimbursement Form.

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

ACERA Calendar

■ PRE-RETIREMENT PLANNING SEMINARS

Jan 10, Feb 7, Mar 13, Apr 10;
9:00-12:00

■ MID-CAREER SEMINARS

Feb 16; 9:30-12:00

■ NEW EMPLOYEE

Mar 8; 9:30-12:00

○ POST SESSIONS

Feb 7, 12:15-1:45,
Guardianship & Conservatorship

■ RETIREE SEMINARS

Medicare Transition, Jan 19 and
March 22; 9:30-12:00.
Get the Facts About Depression,
Feb 23; 9:30-12:00

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

■ CHECK AND DIRECT DEPOSIT PAYABLE DATES

Dec 30, Jan 31, Feb 29, Mar 30

■ RETIREMENT BOARD MEETINGS

Jan 19, Feb 16, Mar 15

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

WEBSITE: WWW.ACERA.ORG

TELEPHONE: 510-628-3000

TOLL-FREE: 1-800-838-1932

George Wood, Chair

Donald R. White

Darryl L. Walker, Sr., Alternate Safety

David M. Safers, Alternate Retiree

Elizabeth Rogers

Liz Koppenhaver

George Dewey, First Vice Chair

Keith Carson

Annette Cain-Darnes

Ophelia B. Basgal

Dale E. Amaral, Second Vice Chair

BOARD OF RETIREMENT

Vincent P. Brown

CHIEF EXECUTIVE OFFICER

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

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