



FALL 2012

WHAT'S UP?

NEWS FOR ACERA MEMBERS

Ventura Benefits Will Change on January 1st

For current members who are eligible to retire, these changes may be important to you

On September 12, Governor Jerry Brown signed into law the California Public Employees' Pension Reform Act, which is the culmination of the pension reform plan he had been working on all year without input from county retirement systems. Here are the key ways that the new bill may affect ACERA members:

CURRENT EMPLOYEES

Ventura Benefits will change for those who retire on or after January 1, 2013

If you are considering retiring within the next year, you should understand that Ventura Benefits will differ if you retire before or after January 1, 2013:

Based on the 1999 Ventura Agreement as implemented by ACERA, if your employer pays you for your earned, unused vacation during your Final Compensation Period, your resulting higher salary will increase your retirement allowance once you retire. Your Final Compensation Period is essentially your highest year of consecutive pay periods (Tier I and Tier III) or your highest three years of consecutive pay periods (Tier II). **(continues)**

(continued from cover page)

Most members are paid for earned, unused vacation in two ways: **Vacation Sell** while employed and **Vacation Payoff** upon terminating employment. For members who retire after January 1, 2013, ACERA will no longer include Vacation Payoff in the retirement allowance calculations. Additionally, there are new limitations to how much ACERA will include in the calculation after January 1, 2013.

Maximum Vacation Pay In Retirement Calculation

Retire Before Jan. 1, 2013	Retire On or After Jan. 1, 2013
Vacation that can be earned and paid during Final Average Salary period Tiers 1 & 3 = 1 year Tier 2 = 3 years Includes Vacation Sell and Payoff upon termination	Whichever is lesser: <ul style="list-style-type: none"> Amount of vacation you sell* during Final Average Salary period Tiers 1 & 3 = 1 year Tier 2 = 3 years without straddling† fiscal years OR <ul style="list-style-type: none"> 1 year (Tiers I and III) or 3 years' (Tier II) worth of earned vacation

* LARPD employees can sell zero weeks vacation while actively employed, so would be unable to include vacation in salary calculation after Jan. 1, 2013.

† Straddling fiscal years means selling vacation in the first half of the calendar year (1/2 of fiscal year) and in the second half of the calendar year (1/2 of the fiscal year).

For most members, the change represents a decrease in the amount of vacation compensation that ACERA will include in the retirement calculation. Read www.acera.org for more details.

Other salary calculation changes

Compensation that Safety Members receive for a portion of unused sick leave at retirement will no longer be included in ACERA's highest average salary calculation.

The legislation also addresses what types of compensation current members will not be able to include in calculation of the retirement allowance. The legislation specifically excludes compensation such as: one time and ad-hoc payments, payments for additional services rendered outside of normal working hours, and compensation which was paid to enhance retirement benefits. Under the legislation, ACERA has the duty to determine what types of pay will become included and excluded from your calculation.

Your retirement contributions could change

ACERA's Fund has three sources of income: your employee contributions, contributions from ACERA's employers, and earning from investing the Fund worldwide.

Under the new law, ACERA's participating employers (like Alameda County) may require that members pay for half of normal costs to fund the pension plan by 2018, and employers will have the option (through collective bargaining) of having employees pay as much as the entire amount of the normal cost of the plan. However, sections of MOUs that are in place on December 31, 2012 and speak to contribution rates or pick-up payments will remain in effect until they expire under their

own terms. Once they expire, employers will be permitted to increase contributions.

All current employees may experience an increase in amount of retirement contributions they are required to pay before 2018. The pension reform law does not require bargaining before increasing contribution rates for unrepresented employees.

No changes to retirement formulas

The new law will not cause changes to your current retirement formula or tier.

RETIREES

No changes in retirement allowance or COLA

The new law doesn't change current retirees' vested benefits—retirement allowance and Cost of Living Adjustment.

General Members are restricted in going back to work for ACERA employers

If you are a General Member and will be returning to work for an ACERA participating employer after your retirement, you will be required to wait 180 days before returning if you will be returning on or after January 1, 2013. There is an exception to this rule if the employer certifies the criticality of the position. So any retiree that has not returned to work on or before December 31, 2012, will not be able to do so until 180 days after his/her retirement effective date. Safety Members are not subject to this limitation.

FUTURE EMPLOYEES

NEW MEMBERS AS OF JANUARY 1, 2013

Future employees are those who enter ACERA on or after January 1, 2013 (remember—date of entry is typically two weeks after date of hire).

- Retirement eligibility increases to a minimum age of 52 with 5 years of service for new General Members. New Safety Members will be eligible at age 50 with 5 years of service.
- New members will enter new lower tiers.
- New employees will split the normal cost of the pension plan with employers upon entry into the retirement system, with the employers having the option of making employees pay full cost through collective bargaining.
- Only base pay will be considered when calculating a member's Final Average Salary (no vacation or other pay items).
- A new cap on pensionable compensation and retirement allowance will be tied to IRS and Social Security limits.

EMPLOYERS AND ACERA

No employer pension contribution holidays

ACERA's seven participating employers including Alameda County will be prohibited from contributing less than their required portion of normal costs to fund the retirement system unless the plan is funded above 120% and other specific requirements are met.

ACERA must now monitor pensionable compensation

The new law gives ACERA and its Board of Retirement a new mandate to review individual members' compensation at the point of retirement as well as audit the employers and consider enrollment, reinstatement, and contributions to determine correctness of procedures regarding the retirement system.

READ OUR WEBSITE

You can read more detailed information at www.acera.org, especially if you are considering retiring in the next year or more.

investment performance

During the second quarter of 2012, ACERA embarked on a dedicated and comprehensive Asset Liability study series. The Board made a \$30.0 million commitment to a buyout manager. ACERA staff also made an \$11.0 million commitment to a venture capital manager using authority delegated to it by the Retirement Board.

For the second quarter of 2012, US equities declined as slowing growth in China and stress in the sovereign bond market in peripheral Europe dampened investor sentiment. The NASDAQ led declines in the US, falling 5.1%. The S&P 500 and DJIA fell 2.8% and 1.8%, respectively, but were able to outperform other domestic equity indices in Q2. The Russell 1000, 2000, and 3000 Indexes declined 3.1%, 3.5%, and 3.1%, respectively. The MSCI Emerging Market Index declined 8.8% vs. 6.9% for MSCI EAFE Index for developed markets.

ACERA's total Fund returned -3.2% in the second quarter 2012 and ranked in the 98th percentile among public funds greater than \$100 million. The Fund lagged its policy index of -2.6% during this time period. Longer term, the 5-year average annual return was 1.6%, ranking in the 60th percentile. The 10-year and 15-year returns ranked in the upper 16th and 21st percentiles, respectively, with 7.1% and 6.8% annualized returns, respectively. The market value of the total Fund as of 06/30/2012 was \$5,303,217,745.

Investment Returns for 2nd Quarter, 2012*

	2nd Quarter	1 Year	3 Year	5 Year
TOTAL FUND	-3.2%	0.0%	12.9%	1.6%
Policy Index**	-2.6%	0.5%	12.2%	2.4%

* 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.

RETIREE PAGE

6 Helpful Medicare Exchange Tips

This year, as an integral part of ACERA's ongoing effort to lower healthcare costs and increase options for our members, Medicare-eligible ACERA retirees (and dependents) will have the option of obtaining health care coverage by participating in the Extend Health Medicare Exchange.

1. Kaiser Medicare Members

Members now enrolled in the Kaiser Senior Advantage plan are not required to make any changes but might find a plan in the Medicare Exchange that provides more desirable benefits or is available in an area you want to move.

2. UnitedHealthcare Medicare Members

ACERA will discontinue its UnitedHealthcare Senior Supplement and Medicare Advantage plans, so members now enrolled in those plans **MUST elect new coverage** if they want to keep medical coverage through ACERA. Members can enroll in either the Kaiser Senior Advantage plan or a plan through the Medicare Exchange.

3. Open Enrollment

Enroll in or make changes to Kaiser Permanente Senior Advantage	November 1- November 30, 2012
Enroll in a plan through the Extend Health Medicare Exchange	November 1, 2012- January 31, 2013

4. Medicare Exchange Translation

If you call Extend Health to inquire about a plan through the Medicare Exchange, here are a few helpful translations of terms

from the UnitedHealthcare world to the Medicare Exchange world:

UnitedHealthcare Senior Supplement Plan	=	Medigap plan
UnitedHealthcare Senior Supplement Plan	=	AARP Plan F + Prescription Drug Plan

5. Medicare Exchange Premiums

Members who enroll in a Medigap plan through the Medicare Exchange for coverage that begins February 1, 2013 will pay the first month's premium at the time of enrollment directly to the insurance carrier they select. Members eligible for a Medicare Exchange Monthly Medical Allowance won't receive the reimbursement they're eligible for until after February 1. If you want to defer payment until closer to February, you can narrow down your plan selection now, but make an appointment with your benefit advisor for January to finalize your enrollment.

6. More Medicare Plan Info

Information on enrolling in an ACERA Medicare plan is contained in the Open Enrollment packet you received in the mail. Additionally, if you're Medicare Eligible, you should have received communications from the Extend Health Medicare Exchange.

For more information on the Medicare Exchange, visit www.extendhealth.com/acera or call Extend Health at 1-888-427-8730. For more information on the Kaiser Permanente Senior Advantage plan, call 1-800-443-0815 or visit <http://my.kp.org/ca/acera>.

LIVE WELL

Liquid Energy: Instantly Boost Your Health

Hydration is valuable. Good hydration is central to your most basic physiological functions, including regulating blood pressure, body temperature, and digestion. And good hydration keeps money in your pocket:

The Value of a Good Drink

- **Lose Weight or Avoid Weight Gain** Your well-hydrated body will have fewer pains, allowing you to continue sports or exercise, and a faster metabolic rate, which helps you burn calories more efficiently. Drinking around 16 oz. of water right after you wake up gives your metabolism a hefty surge.
- **Keep Your Mind Sharp** A 2011 University of Connecticut study showed that even mild dehydration can alter mood, vigilance, and working memory, things you need to perform optimally at work.*
- **Avoid Hospital Expenses** If you're getting up there in years, hydrating can help you avoid expensive hospital stays: a 2004 study showed the average preventable hospital stay for dehydrated seniors is 4.6 days which could cost over \$1,500 a day, driving up insurance rates.†

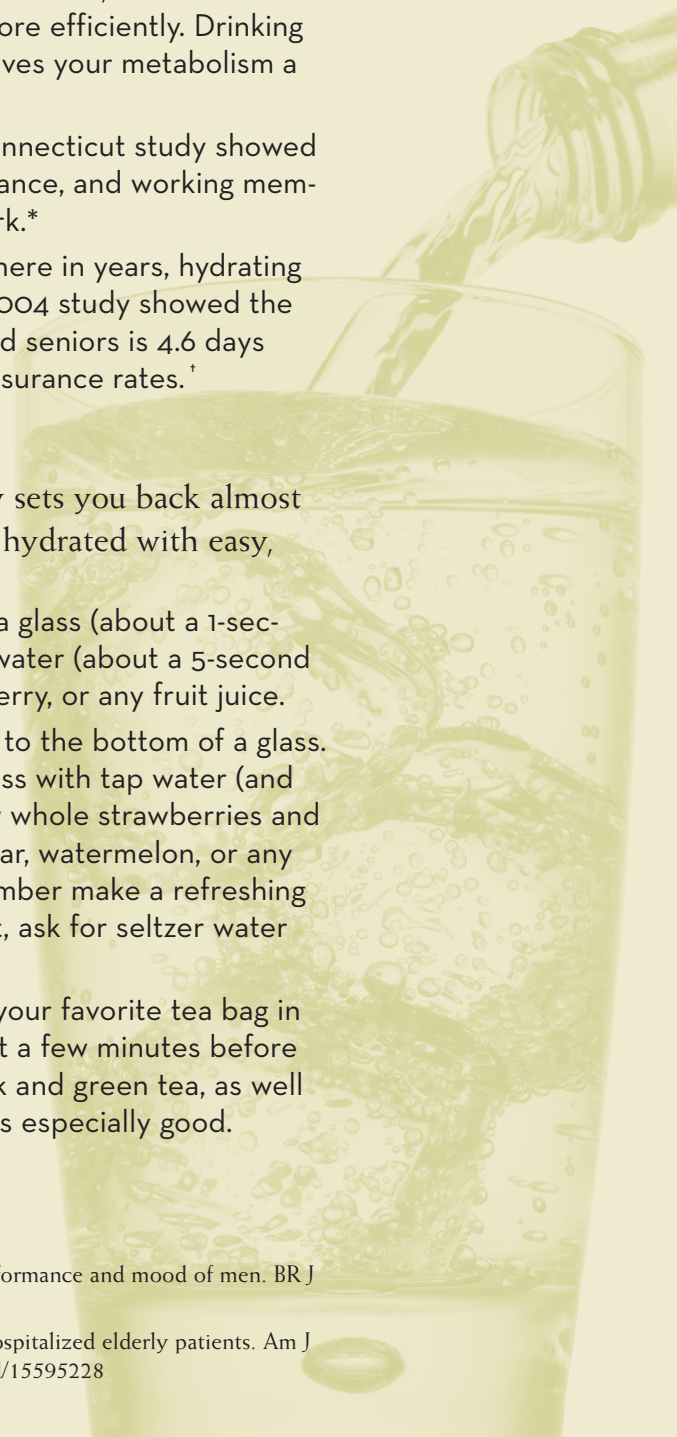
Easy Drinks are Cheaper

A couple of \$2 colas or sports drinks every day sets you back almost \$1,500 a year. Here are some ideas for staying hydrated with easy, healthy drinks on the cheap:

- **Six Second Soda** Add a splash of fruit juice to a glass (about a 1-second pour). Fill the rest of the glass with seltzer water (about a 5-second pour). It's great with orange, apple, grape, cranberry, or any fruit juice.
- **Fruit Infusion** Add berries or slices of any fruit to the bottom of a glass. Press them a little with a tablespoon. Fill the glass with tap water (and ice) and stir it up for delicious infused water. Try whole strawberries and raspberries or slices of apple, orange, lemon, pear, watermelon, or any combination thereof. Surprisingly, slices of cucumber make a refreshing infusion. Instead of drinking soda at a restaurant, ask for seltzer water with a lemon or lime slice—it's usually free.
- **Easy Tea** No boiling water necessary. Just put your favorite tea bag in the bottom of a glass, fill with water, and let it sit a few minutes before drinking for a lightly-flavored beverage. Try black and green tea, as well as herb tea like peppermint or chai. Red zinger is especially good.

* Ganio, MS, et al. (2011). Mild dehydration impairs cognitive performance and mood of men. *BR J Nutr*, Retrieved from www.ncbi.nlm.nih.gov/pubmed/21736786

† Xiao H, et al. (2004). Economic burden of dehydration among hospitalized elderly patients. *Am J Health Syst Pharm*, Retrieved from www.ncbi.nlm.nih.gov/pubmed/15595228



S	M	T	W	T	F	S
NOVEMBER						
25	26	27	28	29	30	1
DECEMBER						
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
JANUARY						
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	26
FEBRUARY						
27	28	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
MARCH						
24	25	26	27	28	1	2

ACERA Calendar

■ PRE-RETIREMENT PLANNING SEMINARS

Nov 28, Jan 10, Feb 7; 9:00-12:00

■ MID-CAREER SEMINARS

Feb 21; 9:30-12:00

○ POST SESSIONS

Wills, Trusts, and Powers of Attorney
Feb 21; 12:15-1:45

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

Nov 30, Dec 31, Jan 31, Feb 28

■ RETIREMENT BOARD MEETINGS

Dec 20, Jan 17, Feb 21

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

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