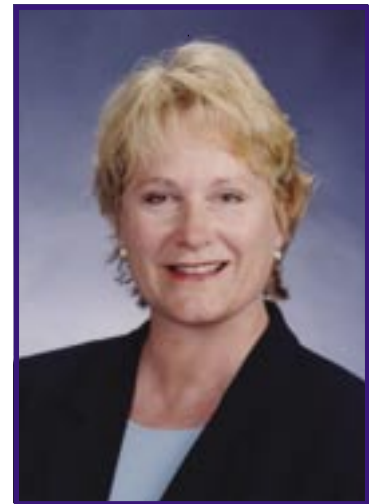


Meet Marilyn Leedom, CCCERA's new Assistant Administrator

CCCERA is pleased to introduce Marilyn Leedom, CEBS, as your retirement system Assistant Administrator. Leedom replaces Chuck Barron, who officially retired in June of 2001. An extensive nationwide recruitment garnered several top candidates. Leedom's combination of experience, education, leadership, and vision made her the front runner for this vital position.



A Bay Area native, Leedom comes to CCCERA from her position as Benefits Administrator/Accountant at North Idaho College. Previously, she was with the Public Employee Retirement System of Idaho. Her varied experience includes social service and business ownership. In addition, she was Controller for the Northern California Retail Clerks Trust Fund, directing all aspects of financial reporting, cash flow, auditing and internal investment analysis. Her management skills, combined with a strong understanding of investment strategies and both public and private retirement plan structures, will guide CCCERA through the complex benefit and fiscal issues the future holds.

Leedom is happy to be back home in the Bay area, and looks forward to being an integral part of the CCCERA team.

VOTE NOTE:

As of this writing, the **Board of Supervisors** has not voted on any of the pending benefit enhancements, including the pre-1983 retiree \$200 benefit, 2% at 55/3% at 50 for General and Safety members. The **California State Legislature** has not adopted SB2100, the bill designed to eliminate Tier 2, placing future service credit for Tier 2 members into Tier 3.

State of California Conforms to NEW IRS Regulations (EGTRRA)

Inside: Room to Rollover

Tax deferred 401(a), 401(k), 403(b), and 457 (DEFERRED COMPENSATION) contributions can now be used to **purchase eligible service credit** to maximize your CCCERA retirement benefits. Previously, these contributions were non-transferable between retirement plans or employers without triggering substantial early withdrawal tax liabilities.

The process for successful transfers (direct trustee-to-trustee rollovers) is very specific, and is currently applicable to several service credit categories. Rules must be followed accurately to insure compliance and to protect your tax deferred status. For active CCCERA members who participate in an employer sponsored Deferred Compensation Plan (457), these trustee-to-trustee transfers add a new flexibility in retirement planning. See Page 2 for more detail, including how to start the transfer ball rolling if you'd like to take advantage of these new options.

What permissive service purchases can I make with a *direct rollover* of *tax-deferred* contributions from other *qualified retirement plans* to CCCERA?

You can purchase *eligible* service credit in these categories:

Time Prior to Membership Public Service Time Domestic Relations Order Redeposits
Redeposits Leave of Absence Pick-Ups Military Service

At this time, conversions (membership time in Tier 2 you may choose to convert to Tier 3 time) are not purchasable with rollover funds, but this option *may* be available in the future.

Do I have to transfer *all the money* from my other plan to CCCERA, in order to purchase service credit?

No. You can transfer part of your contributions, or all of your contributions. It's your choice, the same as it is your choice to decide how much time you want to purchase. However, you cannot buy more time than you are eligible for. **Buyer beware:** should the amount you choose to transfer exceed the purchase amount required by CCCERA, don't plan on tucking those "extra" funds under the mattress. If not used for purchase, the IRS will consider those funds a *pre-retirement distribution*. Income tax on deferred pre-tax contributions will immediately be levied, along with appropriate penalties.

Can I "transfer" my CCCERA contributions to a different tax-deferred retirement plan?

If you leave county or district service with less than 5 year's (vested) service, you receive a refund of your contributions. To avoid paying tax on the refund, you may choose to transfer those funds to another appropriate retirement plan, such as a 401(k). You have 60 days to complete this transaction before tax penalties occur. Vested CCCERA members who leave the system before retirement age have two options: to defer and leave contributions for a later benefit, or take a lump sum refund of all their contributions and interest.

What is a *direct rollover*? What happens if I don't transfer my funds this way?

A direct rollover is a trustee-to-trustee transfer of funds, from one plan to another. No money passes through your hands. This way, you don't incur any tax liability.



Some Key Points:

- CCCERA will only accept transfers for the exact amount required to purchase service credit.
- Currently CCCERA only accepts rollovers for purchases of permissive service credit, with tax-deferred dollars.
- Individual retirement plans may have different regulations, and may or may not accept, or provide for all qualified plan transfers.
- Be sure to consider all your options. A trustee-to-trustee transfer may not be the best use of your funds.
- As of this writing, transfers **cannot be used to purchase conversions**, i.e., Tier 2 Service credit to Tier 3. CCCERA is researching the appropriate legal guidelines for possible implementation of this member option.

You Can Take It With You . . . Sometimes

Which plans are “qualified” vehicles for possible transfer/rollover of funds?

Below is a table with brief descriptions of some retirement plans:

Plan Type	Description	CCCERA accepts transfers?
401(a)	A defined benefit or defined contribution “trust. . .created for the exclusive benefit of (public) employees and/or their beneficiaries.” (CCCERA is a 401(a).) Contributions are tax-deferred, until you receive benefits.	YES
401(k)	A defined contribution plan established by a public or private employer. Employees make pre-tax contributions deducted from salary, which lowers taxable income. Taxes are deferred until retirement benefits begin.	YES
403(b)	A tax sheltered annuity plan for employees of public schools and certain other tax-exempt organizations.	YES
457 Example: Contra Costa County and District Deferred Compensation Plan (Hartford)	A tax-deferred retirement plan sponsored by a state or local government that allows elective employee contributions. Benefits are not taxed until distribution to you or your beneficiary. 457s lower (defer) your taxable income by the amount of your contributions until you retire.	YES
IRA (Individual Retirement Account)	A trust or custodial account set up for the exclusive use of you or your beneficiaries. Usually held by a financial institution, mutual fund or insurance company. (If you are covered by a retirement plan at work (CCCERA) deductions to a traditional IRA are reduced, depending on your adjusted gross income.) May/may not include tax-deferred funds.	NO, at this time
Conduit IRAs	An IRA that enables funds to “pass through” from one qualified retirement plan to another, without incurring possible tax penalties.	NO, at this time

What is the **first step** if I want to take advantage of this new way to purchase service time?

Call the Retirement Office and speak with a retirement counselor. Your transfer (rollover) requires a cost estimate for the time you are planning to purchase, and a completed Direct Trustee-To-Trustee Transfer form, certified by a retirement counselor. You will also need to complete forms provided by your plan sponsor (your employer) and/or your financial institution.

More information on these new changes to retirement contribution portability is available in Publication 575 and 590 from the Internal Revenue Service. On the net, www.IRS.gov features a searchable database on this and other tax issues.

CCCERA does not offer tax advice. Retirement counselors can assist you with basic information on rollovers as they relate to our system. Consult a professional tax consultant or financial planner to explore all your options.

Appointments, Election Results Bring a 'Change of Face'

CCCERA Welcomes New, Returning Board Members

The Contra Costa County Board of Supervisors appointed two new trustees to the Board of Retirement, Clifton Wedington, and John Gioia. The new appointees replace J. James Lee, who served eight years on the Board, and Peter Camejo, who served three years. General CCCERA members re-elected Board incumbent Richard Cabral. Safety members returned Bob Rey and alternate Louis Kroll as representatives.

Clifton Wedington is a Certified Financial Planner and Retirement Planning Specialist, who has lived in Contra Costa County for 13 years. He is Vice President of Investments at Morgan Stanley. Married, with two children, Wedington also participates in a variety of community service organizations, including Oakland Youth Works, and Little Ringers.

John Gioia is a Contra Costa County Supervisor. He currently serves as Board of Supervisors Chairperson. Elected in 1998, he represents El Cerrito, Richmond, North Richmond, East Richmond Heights, El Sobrante, Kensington, San Pablo, and Rollingwood. Gioia is a member of many regional commissions. He graduated from the University of California, Berkeley, later earning a law degree from Boalt Hall School of Law at U.C. Berkeley.

Richard Cabral has served on the Retirement Board for 24 years. Bob Rey, a firefighter at Station 13 in Martinez, is serving his second term as Safety members' representative. Louis Kroll, elected alternate, is a Sergeant with the Sheriff's Department, and has served 5 years on the Board.

Retirement Board members serve three year terms, actively participating in general meetings and on the Investment and Administration Committees. Retirement Board service requires a substantial commitment in time and continuing education, plus the ability to practice the highest fiduciary standards in retirement trust fund management.

CCCERA office hours are
8 a.m.-12 p.m.,
12:30 p.m.-5:00 p.m.,
Monday through Friday.
After regular business
hours, voicemail is
available to take your
messages 24 hours a
day at:
925.646.5741.

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