



For Active and Retired Members of the Contra Costa County Employees' Retirement Association

Spring 2007

## Retirement Board Votes to Adopt Retiree COLAs

CCCERA retirees will receive a cost-of-living (COLA) increase in their monthly benefit beginning April 1, 2007. The May 1, 2007 benefit payment will reflect the new amount. The CCCERA Retirement Board adopted the increases at the February meeting.

COLA benefit increases are based on several factors:

1. The San Francisco Bay Area CPI (Consumer Price Index),
2. Your COLA Bank,
3. Your retirement tier,
4. Your date of retirement.

By law, there is a cap on the amount CCCERA may increase the COLA portion of your benefit. If the inflation rate (measured by the CPI) is higher than this cap, the remainder is "banked" for future years, then applied if the CPI is low. This helps stabilize the COLA from year to year.

The percentage CCCERA can increase your COLA is determined by the law that applies to each retirement tier.

The cost of living adjustment is separate from other benefit enhancements. While some enhancements, such as "New Dollar Power" for members retired prior to 4/1/82, affect specific groups, **all retirees are eligible for the COLA.**

If you are Tier 1, 3 or Safety (service retirement) your COLA increase for 2007 will be:

3%,

If you are a Tier 2 retiree or a Tier 3 disability retiree, your COLA increase will be:

3.5%

## Calculate your cost-of-living benefit for 2007

*An example:*

Start with your figures from 2006.

Monthly Basic Allowance	=	\$1,000
New Dollar Power	=	\$ +80
		<u>\$1,080</u>

2006 COLA was 3%.

$$(\$1080 \times .03) = \$ +32.40$$

Add COLA amount to benefit.

$$2006 \text{ Total Monthly Income} = \$1,112.40$$

2007 Monthly Basic Allowance	=	\$1,000
New Dollar Power	=	\$ +80
COLA carried from 2006	=	<u>\$ +32.40</u>
<b>TOTAL</b>		<b>\$1,112.40</b>

**2007 COLA is figured on 2006 monthly total.**

2007 COLA is 3%.

$$\$1112.40 \times .03 = \$ 33.37$$

$$\$33.37 + \$1,112.40 = \$1,145.77$$

\$1,145.77 is your 2007 monthly pension payment.

## 457 Conversion Complement

# IRS 457 Funds Now Available for Tier Conversions: Members Relish the Change

Active members now have the ability to use funds from their 457 (deferred compensation) accounts to convert eligible Tier service credit to a higher tier. This new rule went into effect on August 17, 2006 when President Bush signed the Federal Pension Protection Act of 2006 (PPA06) into law. Most of this Act applies to private retirement plans. However, like the new 457 conversion rules, there are some important provisions inherent in the plan that apply to public pension systems.

The ability to convert Tier II service time to Tier III or Safety, if applicable, using deferred compensation funds (457 plan) on a trustee-to-trustee transfer basis, is a key new benefit. Prior to the signing of this Act, it was not possible to use 457 contributions for this purpose.



Deferred compensation funds can be used to purchase military time, public service time, redeposits, time prior to membership, medical leave of absence (LOA) time and, now, to convert Tier II to Tier III or Safety service credit. A brief explanation of each purchase type follows:

**Public Service Time:** Members can use deferred compensation funds to purchase eligible service time in federal, state, county, city or other governmental agencies within California. Members who served in the military prior to becoming members in CCCERA may purchase their service time in this category, if they received an honorable discharge and are not eligible for a pension from the military. (Time must not be purchasable in the prior plan.)

**Redeposits:** Members who terminated and took refunds of their contributions may be eligible to redeposit their withdrawn funds, effectively reinstating their service credit. You must be an active member to redeposit.

**Time Prior to Membership:** A member begins contributing to the retirement system on the first of the month following date of hire. The period prior to the 1st of the month, called “time prior to membership”, can be purchased. This also applies to eligible members who were employed in less than part-time schedules as well as those hired on a temporary basis prior to full-time CCCERA employment.

**Medical Leave of Absence:** Up to 12 consecutive months of unpaid **medical** leave time may be purchasable after returning to active membership with CCCERA.

**Conversions:** Eligible CCCERA members may convert prior service in Tier II to Tier III and/or Safety service credit. For such cases, the cost to convert will be determined by comparing the total amount paid into the system under Tier II (both employee and employer contributions) and what would have been paid as a Tier III or Safety member. The member pays the difference plus interest.

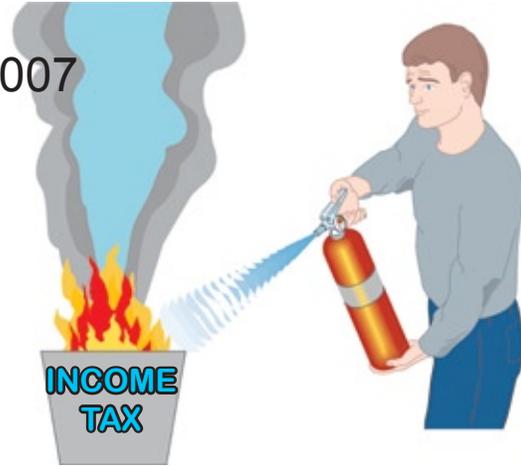
For more specific information on service purchases and conversions, please contact the Retirement Office at (925)646-5741. You may schedule an appointment with a counselor, arrange to attend a group counseling session or request informative material. Members are also urged to take a look at our website: [www.cccera.org](http://www.cccera.org) for additional information.

## PPA 2006 Adds an Elective Deduction for 2008 Tax Filing

### \$3,000 Tax Benefit for Retired Safety Officers Debuts in 2007

An important provision of the PPA06 is a \$3,000.00 tax benefit provision for retired Public Safety Officers (PSO) slated for implementation for the year 2007. If a PSO retires from a safety position at “normal retirement age” or for disability, the individual, as of 1/01/07, may have up to \$3,000.00 of their pension, used to pay for health care premiums, excluded from income for federal tax purposes.

A Public Safety Officer is defined as a “law enforcement officer, firefighter, chaplain, disaster relief worker or rescue squad/ambulance crewmember.” This pre-tax dollar amount can be for accident, health insurance and/or long-term care premiums. The premiums can be on behalf of the retired member, and his or her spouse, as long as the member is alive (but not currently for domestic partners, since this is federal legislation, which does not recognize domestic partners). The premiums must be paid *directly to an insurer*, meaning retirees can’t “write the checks.” The amounts must be deducted from pension benefits.



**The Safety member must be retired to elect this tax benefit option.**

**Appropriate implementation of these new provisions is pending, as CCCERA and other agencies wait for specific review and rulings from the IRS.** For example, the concept of “normal retirement age” is not commonly used in the 1937 Act. We are working with Counsel to define “normal retirement age” for CCCERA. Members who may be affected by the PPA provisions will be contacted individually as soon as more information is available.

## Investment Returns Highlight CCCERA's Portfolio

We are proud to let our readers know the CCCERA Fund experienced outstanding performance on our investments during the period ending June 30, 2006. R.V. Kuhns and Associates, a registered investment advisor, rated CCCERA's investment returns higher than the SACRS average. (SACRS is an acronym for the State Association of County Retirement Systems, an organization of 20 California county retirement systems.) These systems are governed by the County Employees Retirement Law of 1937 (commonly known as the 1937 Act). Additionally, when compared to 63 public retirement funds across the country, CCCERA funds yielded a far higher average rate of return on investments.

The good news continues with our top-notch performance in the real estate arena. Our holdings were exceptional, according to the Kuhns report. For the 5 Year Annualized Real Estate Return, CCCERA out-performed all other '37 Act counties. Looking at both the 1 Year and 3 Year Annualized Real Estate Returns, CCCERA rated the second highest among '37 Act counties for both accounts.

For more specific information on our investment returns, please see the CCCERA website [www.cccera.org](http://www.cccera.org). Click on the Publications tab and then access the 2003, 2004 or 2005 Comprehensive Annual Financial Report (CAFR). The 2006 CAFR will be available after publication.

# It's 1945: Where are Your Retirement Benefits?

Shortly before World War II ended, the Contra Costa County Employees' Retirement Association began operation.

On March 6th of 1944, Contra Costa County Board of Supervisors Ripley, Cummings, Buchanan and Trembath voted to adopt Ordinance #326. This ordinance directed the County Clerk to place on the general election ballot of 11/17/44 the acceptance or rejection of the "County Employees' Retirement Law of 1937," which provided retirement benefits for county employees. Voters passed the measure; Contra Costa County Employees' Retirement Association (CCCERA) began functioning on July 1, 1945.

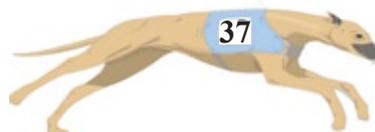
The first Retirement Board meeting took place on July 11, 1945. Four members (today there are twelve) were present with one member absent. Nominations resulted in the choice of R.C. Bryce as Chairman. The Retirement Association discussed new by-laws; retirement applications from two members were presented (J.T. McNamara and Mamie Wallace). The Board accepted both applications and awarded Mr. McNamara a monthly retirement allowance of \$115.67. Ms. Wallace was granted \$34.43 monthly. The first meeting took approximately 2 hours and 50 minutes. Many of today's Retirement Board meetings last 5 hours or more.

In 1945, Contra Costa County looked much different than it does today. The area was primarily agricultural with massive wheat fields stretching from what is now the Concord Naval Weapons Station to Suisun Marsh. Canneries lined the Antioch waterfront. Orchards grew where subdivisions now stand. Bishop Ranch, now a business park in San Ramon, was still an agrarian enterprise. Shipbuilding was an important industry in Richmond as the war effort continued. In a single month, August of 1945,

close to 100,000 soldiers were shipped out to the Pacific from Camp Stoneman in Pittsburg. In 1943, the Office of the Sheriff employed 26 Deputy Sheriffs; James Long was the Sheriff in charge.



Just prior to the formation of CCCERA and shortly afterward, several important events took place within the County that are worth noting. In 1948, the entire Contra Costa Canal (from outside Knightsen to Martinez) was completed. Buchanan Field Airport began operating at its current location in 1942. The Cowell Cement Plant, which began operation in 1908, closed in 1947. The smokestack still stands, however. The greatest human disaster in Contra Costa County occurred on 7/17/44 when a naval ship loaded with ammunition exploded in front of Port Chicago, killing several hundred enlisted men. Buildings as far away as San Francisco were damaged by this huge "bang". On the lighter side, Greyhound racing was popular in El Cerritto until 1946, as was gambling of other sorts.



Since its formation in 1945, CCCERA has held its Board Meetings in a number of different locations, including the Treasurer’s Office, the Hall of Records, the “old” Administration Building, the District Education Center, the Federal Credit Union and the “new” Administration Building, all in Martinez. One of the landmarks of County activity, the Contra Costa County Administration building, was absent from the landscape in 1945. It was eventually built in 1964. The retirement office was located within the Administration building from late 1984 through 1989. However, since 1990, CCCERA and its governing Board of Retirement now meet in their own building.

In 1945, a variety of workers were sworn into County service. These included a deputy sheriff, an x-ray technician, a waitress at the Old Men’s Dining Room in Martinez, three truck drivers, a constable, a hospital attendant, a laborer and a garage watchman.

Between July 1, 1945 and December 31, 1945, 7 members retired, one died and 22 individuals dropped out of the system. On November 20, 1946, the Association claimed 548 members with salaries ranging from \$169.00 a year to \$19,779.00 a year. The system’s total assets as stated by the actuaries (Coates and Herfurth) on December 31, 1945 were \$45,599.11. This figure included “cash on hand” of \$20,541.86, accrued employee contributions of \$5,214.61 and accrued County employer contributions of \$19,842.64.



*Old Hall of Records in County Finance Building  
Photo Courtesy of Alvis Hendley*

In early 1950, the Board granted retirement pensions on a regular basis, just as it does now. However, the dollar amounts were far smaller in those days. Typical monthly pensions awarded in 1950 ranged from \$60.00 per month to \$260.00 per month. Compare those figures with 2007 pension payments!

CCCERA’s assets have grown to a market value of \$5 billion since 1945. There are now approximately 6700 retirees and 10,936 active members, including vested deferred. Board meetings are held twice a month at the CCCERA offices in The Willows Office Park. There are 37 employees on staff. Clearly, CCCERA is always evolving, keeping pace with the needs of public service professionals in Contra Costa County.

*by Kevin Molander*

*Left: CCCERA’s Second Floor Offices in The Willows Office Park.*

## Appointment/Election Year for Some Retirement Board Seats

It's an election/reappointment year for four of CCCERA's Board Trustees. Maria Theresa Viramontes, a Board of Supervisors appointee, announced her interest in serving CCCERA's membership for another 3 years. If reappointed, the term beginning July 1, 2007, will be her third as trustee.

Jerry Telles, who represents CCCERA retirees, and Sharon Naramore, who is the retiree alternate, once again threw their trustee hats into the ring. In addition to her present term, Naramore was a General Member representative while she was actively employed. Telles will serve his second trustee term as retired member representative.

Brian Hast, elected by the General Membership, has served the Retirement Board since 1998. He is a county Deputy District Attorney. He filed the paperwork to continue his service for the new term.

In November 2006, Safety Alternate Louis Kroll retired from active duty, and from his trustee seat. Jim Remick, Deputy Sheriff, assumed the Safety Alternate seat.

Remick's tenure fills Kroll's remaining term, which expires in June of 2008.

The 1937 Act states that if a prospective trustee runs unopposed, an election is not held; the candidate assumes the Board seat. Jim Remick took over the Safety Alternate seat in this fashion. Likewise, elected Board trustees who wish to continue serving CCCERA's membership, and who are unopposed by other candidates at term expiration, become trustees for the next term. For these three Board members, the new three year term begins July 1, 2007, and expires May 31, 2010.

When elections are held, each group of members vote for their respective candidates. For example: retired association members receive ballots and vote for retired representatives only, Safety members vote for Safety seats, and general members vote for candidates who declare as potential general member representatives. Appointed seats are filled by prospective trustees chosen by the County Board of Supervisors.

The 1937 Act gives specific direction for the demographics of the Retirement Board. Five Board members are appointed by the County Board of Supervisors. Two Board trustees are elected by the retirees. One of these members is an alternate, voting in the absence of the primary trustee. There are two Safety Board members. During an election, the primary Safety seat is taken by the candidate with the most votes. The alternate Safety seat is filled by the candidate with the second highest vote count. If the primary Safety seat is held by Fire personnel, the Alternate seat is relegated to active law enforcement. The County Treasurer serves during his term as ex-officio member. A new Board of Supervisors *appointed alternate* seat, held by Dave Gaynor, can vote in the absence of the 4th, 5th, or 9th member.



# New Tier Structure for Incoming Deputy Sheriff Members

CCCERA will administer a new Safety tier structure based on legislation passed in 2006. The new Tier, called County Safety Tier C, is applicable ONLY to Deputy Sheriffs hired on or after January 1, 2007.

Safety Tier C features benefits based on the 3% at 50 formula, just as the original Safety tier. The difference is in the Final Average Salary (FAS) calculation: the new tier will use a FAS based on three years (36 months) rather than the traditional one year (12 months). The maximum COLA allowed for the new tier is 2%.

Deputy Sheriffs hired prior to January 1, 2007, will remain in the original tier structure, with no option to elect Tier C. This recent legislation amended Section 31639.95 of the CERL 1937, the law that governs our retirement system. The Memorandum of Understanding (MOU) between Contra Costa County and the Deputy Sheriff's Association that incorporates this tier addition is in effect between October 1, 2005 and June 30, 2008.

## *What Might be In Your Wallet (after you retire)?*

### Benefit Statement Reminder

Each year CCCERA sends active and deferred members a personalized benefit statement detailing important information about their retirement accounts. Your account balance, beneficiary on record, and accrued service credit **as of 12/31/06** (12/10 County payroll) are included in the statement.

The statement also shows **estimates** of your prospective retirement benefit at several ages, **based on current information** (since we can't predict future employment changes).

Many employees also pay into the federal Social Security System (SSA). The SSA sends a statement once yearly, with estimated retirement benefits. Your CCCERA statement, together with your SSA statement, are helpful financial tools in planning your retirement future.

This year, CCCERA benefit statements are scheduled for late Spring 2007 mailing.

**Remember, any changes you have made to your account after December 31, 2006, will NOT be shown on your benefit statement, since this date is our printing deadline.**

## *Viewpoint*

CCCERA - [www.cccera.org](http://www.cccera.org)  
1355 Willow Way, Ste 221  
Concord, CA 94520  
phone: (925) 646-5741  
fax: (925) 646-5747

### **Board of Retirement 2007:**

Clifton Wedington (Chairperson)  
Brian Hast (Vice Chairperson)  
William Pollacek (Board Secretary)  
Richard Cabral  
Maria Theresa Viramontes  
John Gioia  
Bob Rey  
Jerry Telles  
Paul Katz  
Sharon Naramore (Retiree Alternate)  
Dave Gaynor (Appointed Alternate)  
Jim Remick (Safety Alternate)

### **Chief Executive Officer**

Marilyn Leedom

### **Chief Investment Officer**

Cary Hally

Please ask about our monthly Group Counseling sessions - available to all active members. Reservations are required.

Retirement Board Meetings are typically held on the 2nd and 4th Wednesday of each month starting at 9:00 a.m. in the Retirement Office Boardroom. Below are meeting dates for 2007. (Meeting dates and times may be subject to change.)

March 28  
April 4, 19, 25  
May 16, 23  
June 13, 27  
July 11, 25  
August 8  
September 5, 12  
October 10, 18, 24  
November 7, 28  
December 12

## *Pension System Project:*

### Where are We Now?

The installation of CCCERA's new pension administration system is well underway, with the first module, retiree payroll, complete. Retirees now receive their benefit payments processed through the new system. 2006 1099R forms, the IRS retired member income tax reports, were issued by the system.

Inside CCCERA, upgraded hardware and software will make dramatic changes in the way we serve you. When you call with a question, counselors will be able to query the system and access your records, displaying information in a few moments, rather than searching through traditional files. Original documents are still archived safely in their "hard copy" form; retirement office staff can view electronic images on their computer screens.

During data migration from our old programs to the new system, all active member service credit will be audited. This procedure is an important step, a task used not only in data conversion, but also in final retirement estimates. Auditing service credit is time and labor intensive; as of this writing, approximately 25% of the process has been completed. Verified service credit will speed up both the estimate and the retirement process.

User acceptance testing is ongoing during the next few months, as more member demographic information goes on line. Employer and employee contributions, beneficiary(ies), account balances, and other vital information will be a mouse click away. There's a steep learning curve as staff practice the new system interfaces while maintaining the regular workflow. But the finished product will be worth the effort.



CCCERA office hours are  
8a.m.-12 Noon, 12:30 p.m.-5 p.m.,  
Monday through Friday. Counselors  
are available by phone  
9 a.m.- Noon, 12:30 p.m.-4 p.m.  
After business hours,  
voicemail is available  
to take your messages  
24 hours a day at  
925.646.5741.

