

# New Roads

Fall 2000

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## Spousal Support

### New Definition of Eligible Spouse Expands Survivor Benefits

Did you choose the Unmodified Benefit Payment Option when you retired? If so, the definition of *eligible spouse* has changed.

Previously, in order to receive survivor benefits, your spouse must have been married to you for at least one year before **the date of retirement**, and be your named beneficiary.

If your spouse pre-deceased you, there was no provision for naming a new spouse, if you chose to remarry.

Now, **eligible spouses must be 55 years of age or over**, and have been married to the member at **least two years before date of death**.

*\*If you are married, your benefit option will automatically be the unmodified option, unless you specify otherwise. If your beneficiary is designated by domestic relations court order, that order supercedes this section.*

Should your spouse pre-decease you, and you remarry, you may be able to name your new spouse as beneficiary, if your spouse is 55 years of age or over.

This new provision (Section 31760.2) does not change the Unmodified Option Benefit, which allows 60% of a retiree's benefit to continue to eligible spouses.

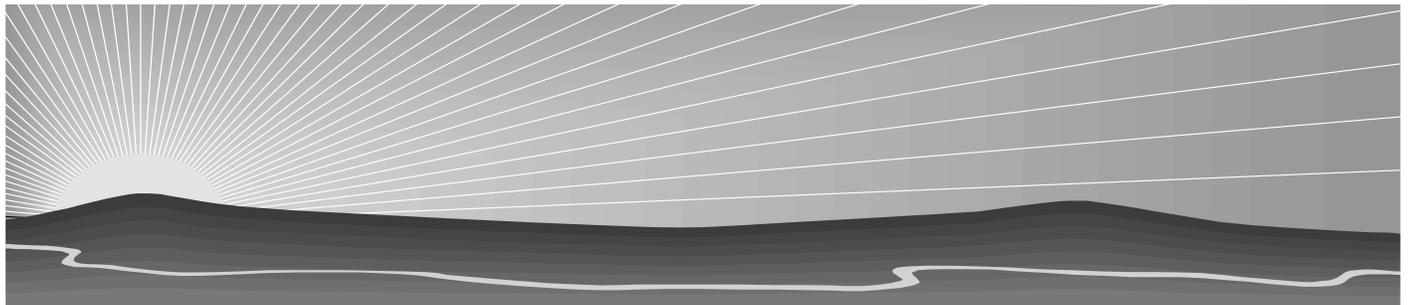
But it does allow a change in eligibility for survivor continuance benefits, for all current and future retirees.

The Unmodified Option provides the highest monthly benefit to you in retirement. After your death, the survivor benefit pays 60% of your monthly retirement benefit to your eligible spouse each month for the **rest of his or her lifetime**.

### The Accidental Beneficiary: *Is Your Information Up-to-Date?*

Depend on the inevitability of change in your life. If your circumstances alter, is your designated beneficiary correct? It's critical to keep this information up-to-date; the beneficiary on file will receive your benefits in the event of your death. (If, at time of retirement, you chose Option 2 or 3, your beneficiary choice was final. No changes are allowed for these options.)

By law (Code Section 31760.3), if you are married, your spouse is your beneficiary. But you *can* change this provision, by having your spouse fill out, notarize and return a **Spousal Waiver Form**. With this document on file, you can name a *dependent* child, a living trust, or anyone else, as your beneficiary for a death benefit.



# Administrator's Notebook

By Pat Wiegert,  
Retirement Administrator



## What a difference a year makes!

Last year at this time our investments had posted a 7.6% return in the first six months. This year, our six-month results are less than half of that: 3.2%. We ended last year with an overall investment return in excess of 16%. From the look of it, we won't be as fortunate this year. **Once again though, the Board's diversification strategy is paying off.**

You've heard the phrase "Don't put all your eggs in one basket." Well, that's precisely what diversification is all about. The Association's assets are spread across 32 portfolios that are invested by 23 professional investment firms. Each portfolio is invested in a slightly different way from the others. For example, we have six different firms that invest our domestic stocks. Some invest in very large and stable firms, while others concentrate on small firms with high growth potential. Some lean toward utility and banking stocks, while others favor technology and consumer non-durables.

The same diversification is found in our fixed income (bonds and mortgages), real estate, international, and alternative investments portfolios.

When one sector of the economy is doing poorly, another sector is usually doing well. If the U.S. domestic economy is on an upswing, oftentimes the overseas markets are languishing. This is called **negative correlation**. We construct our overall portfolio looking for negative correlations. We reduce our investment risk even further by limiting how much can be invested in any one stock, bond, property, etc. In this way, we participate in positive market movements, even though parts of the overall portfolio are not performing.



For example, using the six different domestic stock managers, each with a different style of investing, our large capitalization growth manager returned -3.0% in the second quarter of 2000. But the manager who invests in mid-sized, under-valued companies, posted a 4.9% gain. Meanwhile, the S&P 500 lost, -2.8%. The good returns on that one portfolio increased our average overall stock returns.

Even though our returns are not as great as last year, they beat the average pension fund's 2.4% return.

See the asset allocation chart in our Annual Report in this issue for a closer look at diversification.

## New Editor Wants to Know

What articles and information would **you** like to see in this newsletter?

The Employees' Retirement Association is dedicated to service, assistance and information for our members.

Please call, or send your comments, questions for The Help File, or article suggestions to Joelle Luhn, Editor, CCCERA Newsletter, 1355 Willow Way, Suite 221, Concord, CA 94520. E-mail to: JLuhn@ret.co.contra-costa.ca.us

# THE HELP FILES

**I'm so worried! My retirement check didn't come. What should I do?**

*Your check really is in the mail!*

Benefit checks are mailed the **last WORKING DAY of the month**. For example, if the last day of the month is Sunday, the 31st, the Retirement Office mailed your check on the **last working day** of the month, Friday the 29th. According to the US Post Office, ALL items mailed from *anywhere* in Contra Costa County go to the Oakland branch to be sorted. Mail is then routed to your local post office. Because of this process, and the varying amounts of mail, it may take up to **7 working days** to receive your check. CCCERA can't begin the process of tracing or reissuing the check until this time has passed. Call the Retirement Office if you don't receive your check after **7 working days**.

**Electronic Fund Transfers are sent the last working day of the month, but posted to your account on the next banking day.** Check with your bank to be sure when your funds are available.



**Do I contact CCCERA with questions about health benefits?**

The Retirement Office **does not have information** about retiree's health plans or coverage. Contact the **Benefits Office at 925.335.1740** for questions about health and dental plans, coverage options and deferred compensation programs. (If you think the health plan amount being deducted from your check may be incorrect, the Retirement Office **is** the place to call.)

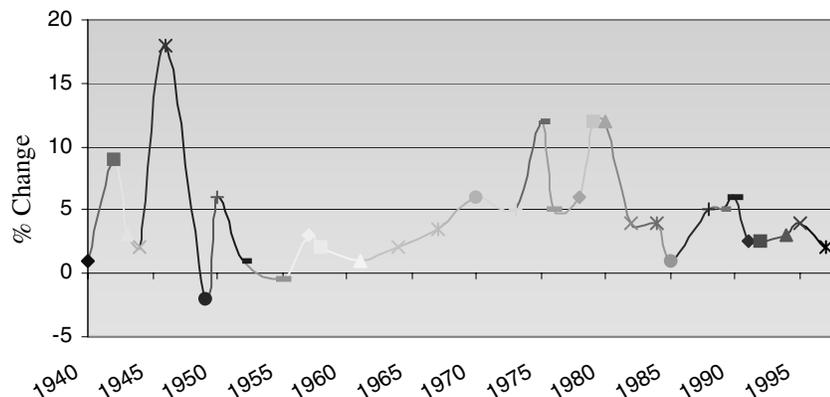
## *Things Go Better With COLA*

Effective April 1, 2000 and paid beginning May 1, CCCERA retirees received a cost-of-living increase in their monthly benefit. This year, the COLA for Tiers I, III, and Safety was 3%. Tier II members received 4%. COLA rates are tied to the *Bay Area Consumer Price Index*, a comparative pricing ratio that measures costs of goods and services the average family buys.



The chart below shows the annual rate of increases in the Consumer Price Index over the last 60 years, according to William M. Mercer, Inc., CCCERA's Actuarial firm.

Fluctuations have made marketplace mayhem for consumers. Looking at the chart, a dozen eggs sold for 18% **more** in 1946 than it did in 1945, and in 1949, **25%** less.



*We Want To Hear From YOU. . .*

CCCERA's Board of Trustees welcomes your input. Board meetings are open to the public and are usually held the second Tuesday of every month at 8:30 a.m. at the CCCERA office. Additionally, you can write to our Board members in care of the CCCERA Office, 1355 Willow Way, Suite 221, Concord, CA 94520.

## Paulson Progress:

# Let The Batches Begin!

Paulson Project staff has finalized the fourth retiree batch from over 4400 claims that make up the recipe for Paulson retroactive payment. We are already hard at work on batches 5,6, and 7.

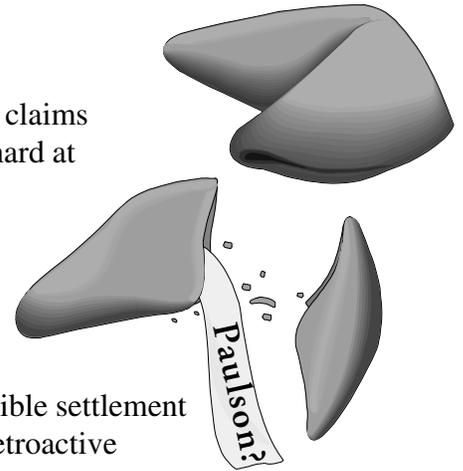
Paulson claims are organized to maximize efficiency in processing:

- 1) Claims are assigned to groups, organized by employer and/or district.
- 2) Within groups, each claim is exhaustively researched, including analysis of historical records, spreadsheets, rechecking of over 65 possible settlement items that *may* impact final compensation. After this data is verified, retroactive payments are calculated, and possible revisions to monthly pension amounts.
- 3) These amounts receive a final recheck, then become part of completed claims “batches” ready for payment.

Once your claim has been included in a monthly payment batch, you will receive a letter, and a **one-time tax election form** to complete, sign and return to the Retirement Office. This letter details the approximate gross amount of your retroactive payment, the amount of attorney fees, and when you can expect your check. You will receive this letter about 60 days prior to issuing your check. A reminder: those members who have been retired longest within each group, will be processed first. Also, **claims with the most complete information require less research, and therefore less time, to complete.**

For more information, call the Retirement Office, or the Paulson Hotline:

**Paulson Hotline: 925.646-5176**



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

The logo for the Contra Costa County Employees' Retirement Association. It features a stylized map of Contra Costa County with the text "contra costa county" written around it.  
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