

# The SamCERA Times



[www.samcera.org](http://www.samcera.org)

RETIREES & BENEFICIARIES EDITION

September 2010

## Familiar face joins retirement board

Four members of the Board of Retirement were either elected, appointed or re-elected in June.

A familiar face to many is **Paul Hackleman**, former Benefits Manager for San Mateo County, who was elected in June to serve as the Retired Member of the Board of Retirement. Paul replaced long-



**Ben Bowler**

time board member Bette Stuart (see page 3). Paul served as the county Benefits Manager from 1982 through March 2008. He is also a former member of the retirement board, having served from June 2005 through March 2008 while actively employed. Today he is the head of I.C. Benefits Consulting.

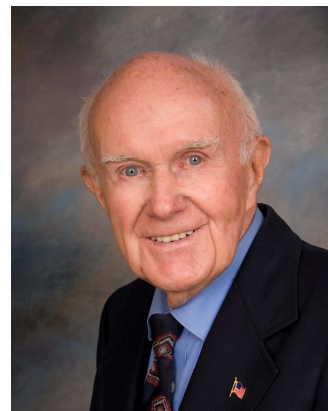
**John Murphy** was re-elected to serve as the Retired Member Alternate. John was first elected to the alternate position in 2007. He substitutes in the absence of the



**Natalie Kwan Lloyd**

Retired Member.

**Natalie Kwan Lloyd** ran unopposed



**John Murphy**

for one of the active member seats on the board. Natalie was first elected in 2008 to serve out the unexpired term of Tom Bryan, who retired. She is an Appraiser in the county Assessor's Office.

**Ben Bowler** was reappointed to the board by the Board of Supervisors. Ben was first appointed to the board in 2008, also to fill an unexpired term. Ben is the Assistant Treasurer of Finance and Planning for Con-Way, Inc.

Each board term is three years. All four of these trustee's terms will expire on June 30, 2013.



**Paul Hackleman**

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## Both inflation and deflation can drive COLAs

Some concern arose earlier this year because the law requires *SamCERA* (and all other plans governed by the 1937 Act) to reduce retirees' monthly payments if the economic area encompassing their county experiences "deflation." Such reductions have never occurred to our knowledge until this year when deflation did occur in Orange County and the retirement plan had to reduce retiree benefits accordingly. In the Bay Area, however, inflation held sway and *SamCERA* paid a small, but positive, cost of living adjustment (COLA) of ½% to most retirees.

In the event of deflation, reductions in retirement pay would occur in the same manner as increases. The negative COLA, as required by California law, would be based on the Bay Area Consumer Price Index (CPI) as determined by the federal Bureau of Labor Statistics. However, also by law, benefits can never be reduced below the amount the member received when they first retired.

The law further sets a floor for annual reductions. They can never be more than the maximum increase allowed. For example, Plan 4 members can only receive up to a 2% increase (or decrease) per year.

Inflation, as measured by the Bay Area CPI, has been a very regular occurrence since *SamCERA* first opened its doors in 1944. (See

the inset chart.) But does that mean that deflation is unlikely in the Bay Area?

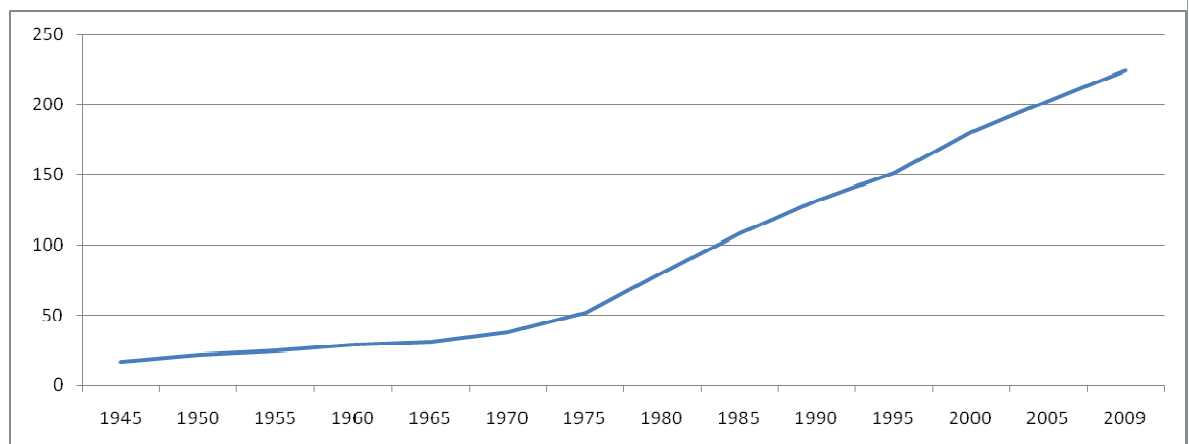
We know that nationally, economists seem concerned that prices could deflate in the U.S. over the next months and years. Because of its relatively strong economy, the Bay Area is less likely than many areas of the country to experience deflation, but it is a possibility.

For the 2010 calendar year, on which the cost of living adjustments to be made in April 2011 will be based, the data through June indicates inflation and positive COLAs. The inflation/deflation calculations of the Bureau of Labor Statistics through the end of June showed prices had inflated almost 1.6%.

Deflation is the last thing the world or U.S. economy needs. When prices across the board begin dropping, consumers decide to wait to make purchases because they expect the price of the item they want will be lower tomorrow than it is today.

As a result, consumption drops, and prices are

### History of Bay Area Consumer Price Index



forced even lower. That puts downward pressure on company profits and in turn wages and tax revenues for governments.

Hopefully, we won't be discussing deflation again anytime soon.

## Bette Stuart: 40 years of service to the retirement system

Of the many people who have contributed time and effort to making *SamCERA* what it is today, it would be hard to find anyone who has contributed more than **Bette Perroton Stuart**.



**Bette Stuart**

Bette has been associated with the retirement system in one way or another for nearly 40 years.

In December 1969 Bette went to work for San Mateo County in the office of County Treasurer Ross Conti. At that time the Treasurer was the administrator of the retirement system and Bette was

the “Retirement Officer,” handling all the benefits-side responsibilities of the association. Bette served in that position for more than 19 years before retiring in April 1988.

Two years later she ran for and was elected by the retired membership to serve as a retirement board trustee. She was re-elected to serve as *SamCERA*’s retired trustee continuously after December 1990. When her last term ended on June 30, 2010, she had served 19 years and 7 months on the Retirement Board. She did not run for an additional term and the membership elected **Paul Hackleman** to the Retired Member seat (please see page 1.)

As a member of the Retirement Board, Bette held every board officer position, including serving as Board Chair from 1996-1998. She saw the association transition out of the Treasurer’s Office to become an independent agency. During her association with the fund she saw it grow from \$35 million in 1969 to approximately \$1.8 billion today—51 times larger.

As a *SamCERA* employee, a retiree, and a trustee, Bette supported the retirement association with four decades of her time, effort, knowledge and guidance.

## Please take *SamCERA*’s annual Customer Services survey

*SamCERA* recently reopened its annual Customer Services Survey. The survey helps *SamCERA* determine how well it is serving its members. It’s an online survey and takes only a few minutes to complete.

Retirees who have given *SamCERA* their email addresses will be emailed an Internet link to the survey. Others may go to the *SamCERA* website to take the survey ([www.samcera.org](http://www.samcera.org)) or have a printed copy mailed to them by calling *SamCERA* at 650-599-1234.

To take the survey on the website, click on the icon that says, “Survey for Retired Members.” Another way to open the survey online is to type the following into the address line on your web browser: <http://www.samcera.org/survey/> then hit “enter” or “execute.”

Please make sure to complete the survey by November 19.

## *Financial Classes Open to Retirees*

Lesson #1 in finance: Free is a very good price. For more knowledge, attend any of the *SamCERA* financial training courses listed below. And the price is very good. For *SamCERA* members, they are free.

To sign up, call 650-599-1234, 1-800-339-0761, or email [samcera@samcera.org](mailto:samcera@samcera.org).

### **Thursday, September 30th**

8:30 am - 10:30 am - *Money Management*

2:30 pm - 4:30 pm - *Managing Credit and Debt Effectively*

### **Thursday, October 14th**

2:30 pm - 4:30 pm - *Estate Planning*

## SamCERA earnings positive for 2009-10 fiscal year

SamCERA's overall investment earnings for the fiscal year ending June 30, 2010, were 12.8%.

The best performing asset category was Small Cap Equity, which returned 25.7%. Fixed Income also showed strong performance, ending the year up 17%.

Real Estate was a drag on the portfolio, closing at a negative 7.3%. Large Cap Equity closed up 13.6% and International Eq-

uity closed up 8.0%.

The closing numbers were quite welcome compared to the losses during the prior two years. The 12.8% earnings brought the total fund balance to approximately \$1.8 billion and exceeded the long term assumption that the fund will earn an average of 7.75% per year.

SamCERA's losses during the prior two years were about average among peer pension plans. The losses caused a significant increase in the county's contributions to the fund. Even with the strong earnings for 2009-10 the need for higher contributions will not be eliminated, but such earnings are a step in the right direction. They also evidence SamCERA's fiscal strength and support future growth of the fund.

### Guess What...

*The San Mateo County Retired Personnel Association (SCORPA) represents your interests with SamCERA and the county. Call Sylvia Row at 650-368-1795 to become a member.*

**SamCERA**



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