CCCERA FYI
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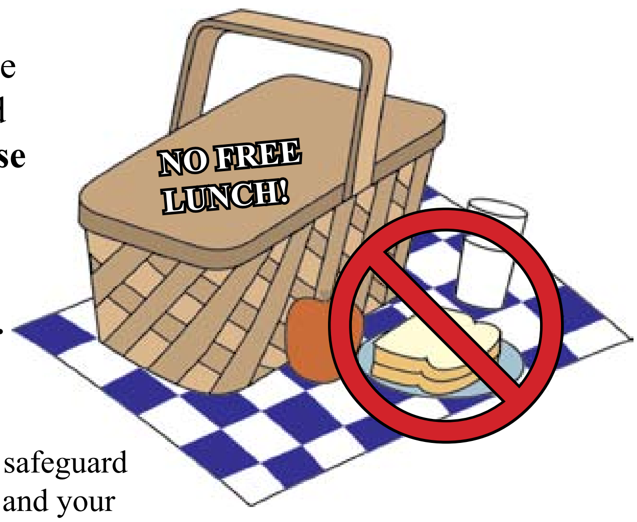
www.cccera.org

New Actuarial Methodoloy Means Rates Are Changing

Contribution Rates Going UP and Down . . . *at the same time*

There is good news and bad news in the contribution rate story this year. Due to a change in the method actuaries use to compute required contributions, some members will see a **decrease** in their contributions, while others will see an **increase.**



The contribution rate change begins on July 1, 2008. You will see the new rate reflected on your August 10th pay check.

Actuarial assumptions are vital mathematic factors that safeguard the financial health of the retirement system as a whole and your individual pension benefits. Professional actuaries study CCCERA's demographics each year, analyzing data such as retirement, disability and mortality rates, investment earnings, interest rates, cost of living adjustments and the contribution levels needed to keep the system financially sound into the future.

Prior to 2008, the method actuaries used to project salary increases was based on age at the start of membership. Members were grouped together by age; assumed salary increases were based on the average pay increases for all members of that age group. This meant salary increases for members at the same age, but with different years of service, were averaged together.

The new method is based on a member's years of service. Member salary data is grouped and averaged by years of service.

Here's the reason for the change:
According to our actuaries (The Segal Company), most members receive higher pay increases *early in their careers*, when they have fewer years of service. Members who begin their careers at later ages receive these same higher pay increases early in their careers, but they are given when the member is older.

The new methodology takes into consideration that "late hires" (older first-time members) are in the early years of their careers, and therefore, receiving pay increases more rapidly than employees who have longer service.

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contribution rates continued . . .

Members were paying a disproportionate amount in relation to the stages of their careers. Member rates for later entry ages were based on lower projected salaries and lower benefits than these members will actually receive. The new method adjusts for this discrepancy, meaning that members who entered the system at later ages will see a contribution rate increase, and members who joined the system at younger ages will see a contribution rate decrease.

CCCERA is unable to tell you exactly what your individual contribution rate will be, because that rate depends on several factors, including your employer's contribution. However, we are able to give you some general guidelines. There are specific entry ages at which the contribution rate increases, decreases, or stays the same.

As you look at the tables below, remember these figures are <u>age at entry into the system</u>, not your current age.

If you are:	And your **entry age** is **UNDER**:
Tier 1	37
Tier 1E	38
Tier 3	40
Tier 3E	40
Safety	32
Safety E	32
Safety C	32

Your contribution rate will **<u>decrease.</u>**

If you are:	And your **entry age** is **OVER**:
Tier 1	37
Tier 1E	38
Tier 3	40
Tier 3E	40
Safety	32
Safety E	32
Safety C	32

Your contribution rate will **<u>increase.</u>**

For example, if you entered the retirement system as a Tier 3E member at age 35, your contribution rate will decrease. If you entered the retirement system as a Tier 3E member at age 45, your contribution rate will increase. If you entered membership **at** the ages on the table, your contribution rate might change slightly for 2008.

Members and employers agree on one thing: contribution rate increases are not pleasant. However, they help keep our system solvent. The promised benefits we work for will be there when we're ready to retire. CCCERA members are fortunate in this respect. While many private industries have switched to defined contribution plans, (like 401Ks), our membership can count on a financially sound defined benefit pension. But remember the "no free lunch" rule: *actuarially,* you get what you pay for. In order to receive benefits in the future, we must pay for them in the present.

Our Number's Up!

CCCERA Telephone Numbers Will Be Changing

It's happened to our televisions, now it's happening to our telephones, at least here at CCCERA.

Our *analog* telephone lines and aging voicemail system must be replaced with a new, improved, *digital* version. The process has begun, and is expected to take a few weeks, as main communication lines are replaced, along with the voicemail computer. We don't expect any service disruptions during the change, but because of the difference between the two electronic formats, our office telephone number also must change.

The change to a new main office number is not something we're looking forward to, but we have no choice. However, for at least a year after the switch, the telephone company will route your calls to us from the old number.

Our NEW telephone number is 925-521-3960.

Our fax number remains the same: 925-646-5747. The new number will be on our web site, our business cards, and all our correspondence, so you can find us easily.

Benefit Statements on Track for Late Spring/Early Summer Arrival

Your Annual Benefits Statement is scheduled for mailing in late Spring or early Summer. Retirement benefit estimates, your account balance, beneficiary on record and service credit through **12/31/2007** are detailed on your statement (12/10 County payroll). **<u>Any changes made after that date are NOT reflected on the statement.</u>**

If you find any errors, or if you have questions, the last page of the statement is designed as a pre-addressed return mailer to make your corrections or comments. Benefit statement corrections must be made in writing to protect your information. Directions for using the mail-in form are on the same page.

The Benefit Statement contains information from CCCERA only. Your employer provides other benefit details, such as health and life insurance data, on your paycheck stub.

FYI

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Retirement Board Meetings are usually 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 <u>2008</u>. (Meeting dates and times may be subject to change.)

January 9, 23
February 13, 27
March 13, 26
April 23, 30
May 7, 28
June 9, 27
July 9, 23
August 13
September 3, 10
October 8, 16, 22
November 5, 25
December 10

New Legislation Mandates Retirement Board Changes

Clifton A. Wedington, CCCERA's long standing Board Chairman, resigned from the Board in January, due to a new California law (A.B.246) which prohibits trustees from marketing investment products to other 1937 Act systems. In his private career, Mr. Wedington is an investment professional with Morgan Stanley. During his tenure on the Board, Mr. Wedington served CCCERA's membership (and the State Association of County Retirement Systems (SACRS)) with integrity and creativity, focusing on education and responsible fiduciary management of the fund.

With Mr. Wedington's departure, the Board voted Brian Hast as Chairperson, William J. Pollacek as Vice-Chairperson, and Jerry Telles as Secretary. Hast was elected by general members, Pollacek is Contra Costa County's Treasurer, and Telles is an elected retiree representative. Dave Gaynor, who has served as a Board of Supervisors' appointee alternate (voting in the absence of Board of Supervisors' appointed trustees), will now be a regular voting member, until the election/appointment cycle adds a new twelfth member.

In June 2008, several elected and appointed board members' terms are expiring. Dave Gaynor, John Gioia, and Paul Katz are County Board of Supervisors' appointees whose current terms will end in June. Richard Cabral, elected by general members, Bob Rey, elected safety representative, and Jim Remick, alternate safety member, have terms expiring in June. Bob Rey, mentioned above, announced his retirement, effective March 28, 2008.

OFFICE HOURS

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: 925.521.3960.

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