

Administrator's Corner



Oscar Peters

Retirement Administrator

We have just completed closing our books for the fiscal year ending June 30, 2006. At year-end SBCERS' investment portfolio had a market value of \$1.638 billion.

Over the last three years the portfolio has increased \$459 million (over the June 30, 2003, market value of \$1.169 billion). During that same period, retirement allowances and health insurance benefits paid have increased from \$51 million to \$71 million per year. Both assets and expenditures have increased at approximately the same rate (39% over three years).

The investment portfolio earned 10.7% for the year, well above the 8% assumed interest rate for actuarial valuations. Last year we moved from having deferred losses as a result of the downturn in the markets in 2001 and 2002, to having deferred gains. This year the deferred gains should increase. While we cannot report that the System is fully actuarially funded, it is a well-funded system.

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A New Look For SBCERS

The Santa Barbara County Employees' Retirement System is pleased to unveil our new logo and new "look" for member communications with the publishing of the Fall 2006 newsletter. By establishing our "brand," we hope that you will become more aware of our services and commitment to you. We also hope that you will more easily recognize important announcements that come in the mail from SBCERS. You can also expect to receive two retiree newsletters each year, in the Spring and Fall.

With the help of our staff, we selected the "SBCERS with oak leaf" logo you see above. In addition to being a prevalent native species in Santa Barbara County, the oak is representative of the values SBCERS hopes to convey. The oak tree is renowned for its strength and stability, just as SBCERS strives to ensure the strength and stability of your retirement fund. The oak leaf is also a universal symbol of hospitality, and the staff of SBCERS wants our members to always feel welcome to ask for assistance whenever the need arises. We're here to serve you.

Board of Retirement

Bernice James

*Chair – County Treasurer-
Tax Collector & ex-officio
member*

Joni Gray

*Vice Chair – Fourth District
Supervisor*

Donald Kendig

*Secretary – elected
General Member
representative*

George Bobolia

*elected Retiree
representative*

Paul Doré

appointed member

Joseph Gallas

appointed member

Julie McCammon

*elected Safety Member
representative*

Kate Silsbury

appointed member

Shawn Terris

*elected General Member
representative*

Robert Bible

*alternate Safety Member
representative*

Ronald Bruns

*alternate Retiree
representative*

Your Retirement Board At Work

The Board of Retirement has ultimate authority for administering SBCERS, which includes oversight of approximately \$1.6 billion in trust assets; establishing actuarial rates and assumptions; determining eligibility for disability pensions and other benefits.

Among the actions taken this year by the Board of Retirement was the adoption of a Strategic Asset Allocation Policy for investments. The goal of SBCERS is to provide promised benefits to participants and their beneficiaries through a carefully planned and executed investment program. SBCERS seeks to produce a return on investment that is based on prudent and reasonable risk given prevailing capital market conditions. The Asset Allocation Policy established the following target allocations among various investment categories:

Domestic Equities (stocks)	47%
Fixed Income (bonds)	25%
International Equities	17%
Real Estate/Real Return	5%
Private Equity	5%
Cash	1%

In the interest of asset diversification, this strategic policy includes two relatively new categories of investments for SBCERS: Real Estate/Real Return and Private Equity. Moving forward to implement this strategy, the Board of Retirement has made an initial investment of \$40 million in a real estate fund, hired a real return manager, and selected a private equity consultant.

The Board of Retirement consists of nine members and two alternate members. Their names are shown in the column to the left. The Board of Retirement meets on the second Wednesday of each month beginning at 9:00 a.m., and meetings are open to the public. Agendas and meeting locations are published in advance on our website at www.countyofsb.org/sbcers.

Death Benefits For State-Registered Domestic Partners

At the time a member of SBCERS retires, he or she designates a beneficiary and elects an option for continuation of all or part of the retirement allowance to the beneficiary after the member's death. Until State legislation was adopted last year, certain options were available only for the benefit of a surviving spouse. However, now these options have been extended to domestic partners registered with the California Secretary of State.

The criteria for State registration of domestic partnerships is provided in Section 297 of the California Family Code, and generally includes (a) same sex couples, and (b) opposite sex couples if one or both persons are over the age of 62.

Contact your Benefits Specialist before January 1, 2007 to exercise your retirement allowance continuation options for your state-registered domestic partner

State legislation provides a window of opportunity for retirees with a State-registered domestic partner to elect or change their optional retirement allowance in order to provide for his or her domestic partner, if all of the following criteria are met:

1. The member retired on or before January 1, 2006;
2. At retirement, the member named his or her domestic partner as beneficiary;
3. At the time an election under this provision is made, the retired member and domestic partner are registered with the Secretary of State and provide a copy of their Certificate of Registered Domestic Partnership to the retirement system; and
4. The retired member and domestic partner sign an affidavit under penalty of perjury stating that at least one year prior to the member's retirement date, the member and partner would have qualified to be registered as domestic partners with the Secretary of State.

If a retired member elects to change his or her retirement election, the member's allowance is adjusted prospectively only. This provision does not apply to members who are required to provide a continuing benefit to a former spouse pursuant to court order.

If you believe you may be qualified to modify your pre-retirement election based on this new law, please call your Benefits Specialist as soon as possible. The right of a member to make an election under this provision expires on January 1, 2007. We will help you determine if this opportunity pertains to you, and explain the options available.

Meet Your SBCERS Benefits Representatives



JULIE SALLEY
*Retirement Benefits
Supervisor*

Julie supervises the Benefits division, and divides her time between the Santa

Barbara and Santa Maria offices. She has almost 29 years of experience in the retirement business, having worked for Kern County for over 21 years before coming to SBCERS in 1999. Julie is an expert in the 1937 Act, and does an excellent job training staff and sharing the knowledge that she has acquired over the years. Julie enjoys helping her fellow County employees and retirees understand their retirement benefits, which can be somewhat confusing at times.

Much to our regret, Julie will be filling out her own application for retirement this November. She is looking forward to a well-deserved retirement, moving back to her house (and swimming pool) in Bakersfield, and having time to attend games played by her favorite hockey and football teams.



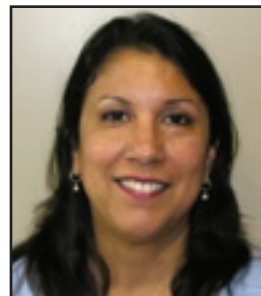
SCOTT DUNLAP
*Retirement Benefits
Specialist/Santa
Barbara (L-Z)*

Scott is our newest representative, having been promoted to this

position in July. Scott worked for the County for six years, in Public Health and Social Services, before coming to the Retirement Office in January 2006. He has worked in accounting

positions for fourteen years, and has a genuine interest in helping County employees and retirees. Scott finds his new job interesting and challenging, and enjoys helping members understand their benefit options.

Scott has been married thirteen years and has two adorable children, a son and a daughter. In his spare time he enjoys working on classic cars, and taking his family and friends out in his boat at one of our local lakes.

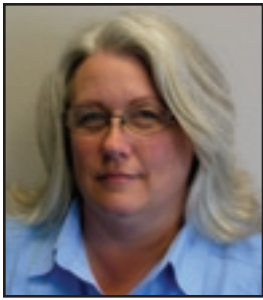


BARBARA GORDON
*Retirement Benefits
Specialist/Santa
Barbara (A-K)*

Barbara has been with the Retirement Office for four

years, having come from an administrative position in the private sector where she was responsible for employee benefits among other duties. She holds a bachelor's degree in geography, a certificate in hazardous materials management, and is finishing the paralegal studies program, all from UCSB. Barbara finds it rewarding to help "clear up the mystery" of retirement benefits for our members.

Barbara is celebrating her twentieth wedding anniversary to a "cute guy she met in the eighth grade." They have two sons, one studying at SBCC and the other starting junior high school. Barbara has volunteered for the American Red Cross for ten years, and is on-call 24/7 one week every month. Luckily, several months can go by without receiving a call for her services.



RENEÉ LYNN
*Retirement Benefits
Specialist/Santa Maria
(L-Z)*

Reneé came to work for the Retirement Office in 2005 from the private sector, where she gained extensive experience in bookkeeping, compensation administration, and customer service. Like most representatives, Reneé began working in the Retirement Office as an accounting technician, and was promoted to be a benefits specialist in February 2006. Reneé says that she finds it challenging to learn and apply the retirement law and policies, and enjoys being able to help people plan for their “life after work.”

Reneé has a talent for organizing and communicating, and she has been a great help assisting us in developing procedures to improve our efficiency and our services. We’re happy to have her as a part of our team.



DOREEN MILLER
*Retirement Benefits
Specialist/Santa Maria
(A-K)*

Doreen has a bachelor’s degree in business and a diverse work history. She has worked in both the public and private sectors, as well as having owned her own business. She began her career in the Retirement Office in 2004, and promoted to Benefits Specialist in February 2005. Doreen says working for the Retirement System “is grand,” and appreciates the opportunity to use the skills she has developed throughout her career to serve our members.

Doreen’s goal is to assist our members through the many changes they may go through during their career, and provide the information and support they need when making decisions concerning their retirement. She says the last two years working with our employees and retirees has been great, and she’s looking forward to many, many more!

October 4 Open House at Our New Santa Maria Office Location

At the end of June, the SBCERS staff in Santa Maria relocated to new offices near the corner of Broadway and McCoy. This location provides more adequate space for staff and clients, and easier access for retirees. Come see our new offices, and enjoy a cup of coffee or juice with our Santa Maria staff!

Open House for Retirees

Wednesday, October 4

9:30 – 11:30 a.m.

2400 Professional Parkway, Suite 150
Santa Maria

Dates To Remember

SEPTEMBER 30

Application period for CalPERS Long Term Care Insurance ends

NOVEMBER

Open Enrollment for Secure Horizons medical plans (specific dates to be determined) – Medicare members may move into, out of, and between Secure Horizons plans

Health Benefits For Domestic Partners

SBCERS now provides health insurance benefits to the domestic partners of retirees. Benefits include access to dependent health insurance coverage and application of the health insurance subsidy toward premium costs for a domestic partner. Unlike other

You may add your domestic partner to your health plan. Contact your Benefits Specialist right away if you believe you qualify.

retirement benefits, which by law are limited to State-registered domestic partners (such as death benefits discussed in the article on Page 3), health insurance benefits are available to a broader definition of domestic partner as used by the County in providing benefits to its employees. This generally includes both same sex and opposite sex couples who are

registered as domestic partners with any state, county or city government.

Please note the laws of the State of California and the federal government are in conflict with regard to benefits for domestic partners. While such benefits are consistent with State law, they are not recognized for tax-exempt purposes by the federal government. There is some question as to whether tax-qualified pension plans such as SBCERS may at some point in the future be subject to an adverse tax consequence should the federal government take issue with the provision of these benefits. At the present time, no such action is anticipated.

If you are interested in covering your domestic partner as a dependent on your retiree health insurance plan, please contact your Benefits Specialist to complete the necessary forms.

Volunteer In One Of Our Own County Parks

Summer is over and it is time to turn one's thoughts and plans in a new direction for the fall. If you love the outdoors, people, and learning new things, consider becoming a volunteer at the Cachuma Lake Nature Center.

Located in a historic ranch house inside Cachuma Lake County Park, this non-profit facility offers exhibits and programs focused specifically on the watershed of the Upper Santa Ynez River. Open Tuesday through

Sunday, help is always needed to work in the small gift shop, open the doors to the public, guide school children through the Center, help with building maintenance – both large and small tasks – or use your expertise leading a nature walk.

For details please telephone the office Tuesday, Wednesday, or Thursday between 9:00 a.m. and 3:30 p.m. at 693-0691 or e-mail CLNATCTR@SBCEO.ORG.

Message For Sworn Sheriff's Department Retirees

The Sheriff's Department has adopted a new policy regarding retirees carrying concealed weapons, which brings the department into compliance with the Law Enforcement Safety Act of 2004 (HR 218). To receive a copy of the policy, please contact Commander Jeff Meyer via e-mail at jl0536@sbsheriff.org, or by telephone at (805) 681-4136.

Administrator's Corner

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Starting with this year's financial reports, SBCERS and all other public employee retirement systems will have to provide information on their liability for retired health insurance. SBCERS will be an example of a system that has taken an appropriate and prudent approach, in that it has reserved assets sufficient for the accrued health insurance subsidy for every retired and active member. Throughout the state and country, many public retirement systems will be reporting the liability associated with retiree health insurance benefits and announcing that they have no reserves in place to pay the promised benefits.

As previously announced, we have increased staff and services in Santa Maria and moved our office to a location that is easier to access. These changes are in response to the increasing number of retirees and active members who live in that part of the county.

This has been a particularly challenging year with regard to health insurance. It started with the expansion of Medicare to include a prescription drug benefit. The new benefit, known as Medicare Part D, was effective January 1, 2006. Even though Medicare plan participants were automatically enrolled in a qualified Medicare prescription drug program through our existing health insurance carriers, members experienced a number of unexpected changes in coverage and co-pays. Many issues related to Medicare Part D are just now being resolved.

In addition, the County made significant changes in its employee and retiree health plans for 2006-07. One carrier was eliminated as was the most popular plan option of the primary carrier, and vision coverage was made into a separate health insurance benefit. This forced most retirees to make elections and complete forms during open enrollment, making it one of the busiest enrollment periods ever. Hundreds of retirees attended meetings, came into and/or called our offices for assistance. Hopefully the health insurance program will soon stabilize so that retirees will have plans that are constant and beneficial. Unfortunately, however, the cost of coverage continues to increase and is a problem that is largely beyond our control.

While health insurance is not intended to be our primary service, it has become a major part of our work. We are here to serve your needs and fulfill our designated role in this area. Our staff is willing and available to assist you, so please do not hesitate to contact us about your health subsidy or eligibility to enroll in a health plan or Medicare Part D.

Contact Information

Lila Deeds Assistant Retirement Administrator **(805) 568-2941**

Santa Barbara Office

Serving California residents with zip code lower than 93200, plus residents of Buellton, Los Olivos, Santa Ynez, and Solvang:

Last Name A-K **Barbara Gordon** **(805) 568-2942**

Last Name L-Z **Scott Dunlap** **(805) 568-2943**

Santa Maria Office

Serving all out of state residents, and California residents with zip code higher than 93200, excluding residents of Buellton, Los Olivos, Santa Ynez, and Solvang:

Last Name A-K **Doreen Miller** **(805) 739-8668**

Last Name L-Z **Reneé Lynn** **(805) 739-8667**