



LOOKING FORWARD... TO THOSE GOLDEN YEARS

Ensuring Tomorrow's Benefits through Prudent Management

Summer 2012

How Much Do I Need In Retirement? *Determining Your Replacement Ratio*



When planning for retirement, an important factor to consider is your desired standard of living. Do you hope to maintain the same or a similar lifestyle? If so, how much money would you need to do so? To find out, it is helpful to establish your projected replacement ratio in retirement.

Your **replacement ratio** is the percentage of your pre-retirement income needed to fund your retirement years. You can estimate your retirement replacement ratio by dividing your projected gross income after retirement by your gross income prior to retirement.

Happy Summer!
It's sunblock
time...



In This Issue...

- How Much Do I Need In Retirement
- Welcome New Staff
- Fund the Fund
- Retirement Fun
- Member Statements
- Dissolution of Marriage
- Happy Retirement Joyce Parker
- StanCERA's Major Technological Humps

Published quarterly for members
of the Stanislaus County
Employees' Retirement Association

So, do you need 100% of what you are making to maintain the same standard of living? When determining what you need, keep in mind that the following changes may lower your overall living expenses in retirement:

- **Lower Income Taxes** – Your taxable income usually goes down, if it does you pay less in taxes. In addition, after the age of 65 you may be eligible for additional tax deductions. Again, this lowers your overall tax withholding. However, the higher your income in retirement, the higher your tax rate will be.

- **No Social Security/Medicare Taxes** – If you are required to pay Social Security or Medicare, you will no longer be required to pay these taxes. This is a savings of approximately 6.2% if you were paying into Social Security and 1.45% if you were paying into Medicare.

- **Saving for Retirement Ends** – All deductions and contributions you were setting aside for retirement will end.

- **No Work-Related Expenses** – You will no longer spend money on items associated with work such as work clothes, fundraisers, or commuting.

Experts recommend a replacement ratio of 70% to 90%. However, you must also consider the possibility of increased costs associated with inflation, longevity and healthcare. Entertainment expenses may also increase because many retirees spend more time traveling and pursuing hobbies and leisure interests.

A common rule of thumb is the lower your income prior to retirement the higher your replacement ratio should

be. This is because when you make less money you tend to spend a larger percentage of your income on standard living expenses.

When calculating your replacement ratio, be sure to include all potential sources of post-retirement income. There are three types of post-retirement income, most commonly referred to as the three-legged stool or the Tripod of Economic Security:

- **Social Security** – If you have earned at least 40 credits, you will receive a Social Security benefit. For employers who do not participate in Social Security, the amount may be lower than expected based on the Windfall Elimination Provision (WEP). Find out more at www.SSA.gov.

- **Employer-Sponsored Retirement Plans** – Any income accumulated from a defined benefit or defined contribution plan offered by your employer. This includes your StanCERA retirement benefit (defined benefit plan) and funds invested in plans such as a 457b, 401k or 403b (defined contribution plans).

- **Personal Savings** – Any funds you have personally saved, inherited or invested such as savings accounts, bonds, CDs, stocks, mutual funds, IRAs, real estate, etc.

Planning ahead and determining your replacement ratio can assist you in deciding if you are saving too little or too much for retirement. In addition, it can help you make a decision about when you can afford to retire. Find out what you can expect to receive from StanCERA at www.StanCERA.org by using the retirement calculator.

Article compliments of SBCera



Looking Forward ...
To those Golden
Years

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Board of Retirement

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Alternate Retiree Representative
Jeff Grover

Executive Director

Rick Santos

Board of Retirement Meeting Schedule

Meetings are held the second Wednesday and the fourth Tuesday of each month with some exceptions, located at 832 12th Street, Modesto 6th Floor in the Wesley W. Hall Board Room at 2:00 p.m.

Admin/Benefits	Investments
Jul 11, 2012	Jul 24, 2012
Aug 8, 2012	Aug 28, 2012
Sep 12, 2012	Sep 25, 2012

Office Closures

Jul 4, 2012
Sep 3, 2012

Retiree Payroll Dates

Jul 2, 2012
Aug 1, 2012
Sep 3, 2012

To view Board actions, please visit our website at www.stancera.org under **Agendas and Minutes**.

The StanCERA newsletter is intended as a source of information, not a legal document or a substitute for the law. If differences appear between the law and the newsletter, the law must prevail.

Welcome New Staff!



StanCERA has sure been moving and shaking this past year and we are all the better for it. We are happy (and relieved) to welcome Mary Williams, Alaine Taa and Reed Love on their recent appointments.

Prepare to be greeted with a new friendly smile when you come in to StanCERA. A very bubbly Mary Williams is prepared to make your experience at the counter or on the phone a pleasant one as the new Administrative Assistant. Mary started as a temporary employee at StanCERA and was chosen, through a lengthy interview process, as the shining choice for this position. Mary carries a lot of experience under her belt and has already helped to archive much of StanCERA's precious history.



Alaine Taa joins StanCERA as the new Benefits Technician. Having worked for the Livermore School District for the past 7 years, Alaine focused her last



two years there in Benefits and Retirement. Now she is steadily working to provide estimates for members and is doing an excellent job at it!

We welcome Reed Love as StanCERA's new Information Technology Coordinator! Before coming to StanCERA, Reed worked for a private university as a Web Application and Report Developer as well as Institutional Researcher. We are glad to

have Reed on board, as he is our most valued technological asset.

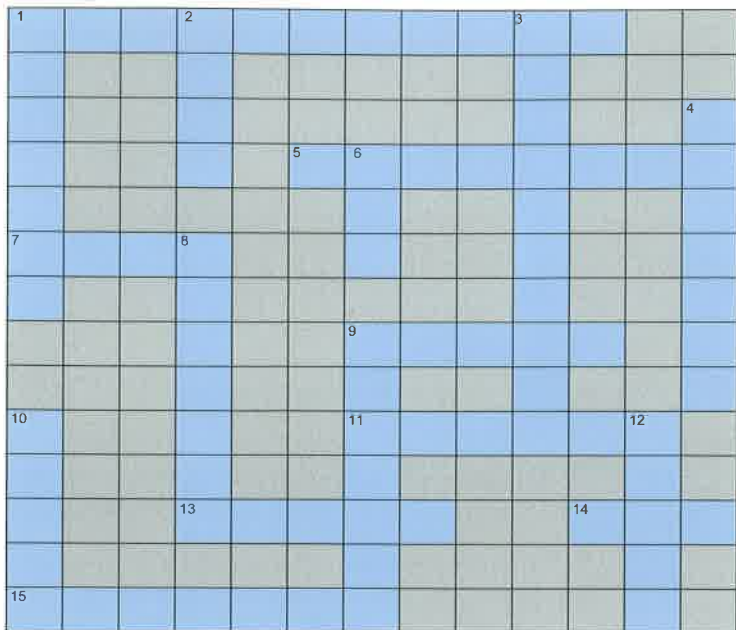
Fund the Fund

Returns for Period Ending March 31, 2012				
StanCERA RETURNS	1st Quarter	3 Year	5 Year	
Total Fund	8.6%	19.4%	3.3%	
Domestic Equity	13.5%	24.9%	1.1%	
International Equity	11.7%	21.9%	-1.0%	
Fixed Income	2.5%	11.0%	7.4%	
Total Assets	\$1,426,813,011			
Indices	1st Quarter	3 Year	5 Year	
Russell 3000 Index	12.9%	24.3%	2.2%	
MSCI ACWI - ex US Index	11.3%	19.6%	-1.1%	
Barclays Aggregate Index	0.3%	6.8%	6.2%	

The composite fund returned 8.6% in the first quarter of 2012 and ranked in the 16th percentile among other public funds greater than \$100 million. The fund beat its policy index during this time period. Longer term, the three and five year returns of 19.4% and 3.3%, ranked above the median among total public plans (16.2% and 3.1%, respectively). More investment information can be found at www.stancera.org.

Retirement Fun!

Test your retirement knowledge...



Across

1. Person designated to receive death benefit
5. "Happy" life changing legal event to be reported to Retirement
7. Cost of Living Adjustment based on change in Consumer Price Index for SF/Bay Area
9. Vested and leaving contributions on deposit allows one to _____ retirement benefits to a later date
11. Target status for employees to receive retirement allowance
13. _____ of service at retirement will affect the amount of retirement allowance
14. W-4P is the form submitted to make _____ withholding changes (available at www.stancera.org)
15. Tiers 1, 2, 4 & 5 require 5 years of _____ credit to achieve vested status

Down

1. Purchasing service time to increase retirement allowance
2. Working 2,080 hours each year will _____ 1 year of retirement service credit
3. Time to "kick back and enjoy"
4. Annual meeting designed to educate pre-retirement employees on critical issues
6. _____ at retirement will affect the amount of retirement allowance
8. Lifetime periodic payment of monies
9. "Unhappy" life changing legal event to be reported to Retirement
10. Employee vesting requirements are based on guidelines within their hiring _____
12. \$5,000 _____ benefit provided to designated beneficiary upon retiree's demise

Keep your StanCERA account up-to-date. Visit www.stancera.org to access forms and learn more about your retirement system.

Answers to Crossword Puzzle
 Across: 1. Beneficiary, 5. Marriage, 7. COLA, 9. Defers, 11. Vested, 13. Years, 14. Tax, 15. Service / Down: 1. Buyback, 2. Earn, 3. Retirement, 4. Seminar, 6. Age, 8. Annuitly, 9. Divorce, 10. Tiers, 12. Death

Member Statements Coming Soon !

Reminder:

The Personal information listed on your Member Statement is provided by your employer. Retirement Beneficiary Designation is not.

PERSONAL INFORMATION
 Member No: 000012345
 Date of Birth: 12/01/1950
 Gender: Male
 Plan: General
 Tier: Tier 4
 Employer: Stanislaus County
 Marital Status: Married
 Spouse: STELLA COUNTY
 Entry Age of Contributions:

STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
 P.O. Box 3150, Modesto, CA 95203-3150
 Modesto, CA 95204

June 20, 2011

MEMBER STATEMENT

STANISLAUS COUNTY
 852 22ND STREET SUITE 600
 MODESTO CA 95204

PERSONAL INFORMATION
 Member No: 000012345
 Date of Birth: 12/01/1950
 Gender: Male
 Plan: General
 Tier: Tier 4
 Employer: Stanislaus County
 Marital Status: Married
 Spouse: STELLA COUNTY
 Entry Age of Contributions:

EMPLOYEE CONTRIBUTIONS WITH INTEREST
 (Withdrawable Upon Termination AS OF June 20, 2011)

Beneficiary Name	Beneficiary Address	Relationship	Percentage
Stanislaus County	852 22nd Street Suite 600 Modesto CA 95204	Employer	100%

IF ANY OF YOUR BENEFICIARY DESIGNATIONS IS PROVIDED BY YOUR EMPLOYER, YOUR RETIREMENT BENEFICIARY DESIGNATION IS NOT VALID. YOU MUST CONTACT THE STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION TO UPDATE YOUR DESIGNATION. IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT OUR OFFICE AT (209) 528-4170.

Retirement Home at www.stancera.org
 Admin, Enroll, Print, Account Update and much more can be viewed by logging the StanCERA website. Click ON THE CARD OF www.stancera.org to view the retirement (RESERVE) and your 401k account information.

Make Good Choices! (Understand Your Benefits)

Dissolution of Marriage

Que sera-sera, what ever will be-will be...

Life doesn't always bring us sunshine and rainbows, and unfortunately divorce sometimes happens to what began as the best of marriages.

As a reminder, California has determined that retirement contributions and allowances are community property. If while a member of StanCERA you find yourself experiencing a divorce and to comply with the state's requirement for proper division of community property we need for you to submit copies of all relevant legal documents to our office. These documents must be complete and accurate.

These documents may include a finalized Judgment of Dissolution of Marriage, Marital Settlement Agreement, and Domestic Relations Order. If you should have questions regarding this, please contact our office. Remember, not submitting these documents in a timely manner will delay your retirement's disbursement.

“Happy Retirement Joyce Parker”

Parting is Such Sweet Sorrow... But Retirement is Great!



Joyce Parker, former StanCERA Information Technologies Coordinator, hung up her computer mouse on March 31, 2012.

Joyce has helped StanCERA over many of its technological humps throughout the years, and boy were we thankful for her knowledge! In addition to solving electronic issues, she was also willing to explain the source and solution to anyone who wanted to learn.

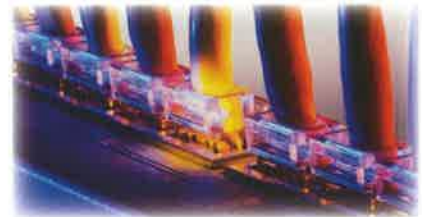
Being the thorough person she is, Joyce left behind written procedures to many of the processes and trouble-shooting tips we deal with at StanCERA on a regular basis. These records also serve as a strong resource for StanCERA's disaster plan.

We would like to thank Joyce for her many years of service and wish her the best in her new endeavors as a retiree!



StanCERA' s Major Technological Humps

- 1099R Processing
- Actuarial Data Extraction
- Active & Retiree Data Conversions
- Payroll Balancing/Troubleshooting
- Public Acts Request
- Board of Retirement Meeting Audio Recording System
- Pension System Fine Tuning
- Charting StanCERA Pension System Paths & History



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