



SPRING 2014

SCERA TIMES  
Sonoma County Employees' Retirement Association

## An Interview With SCERA's New Administrator Julie Wyne

Julie Wyne, SCERA's new administrator, took over for retiring Gary Bei last December. Ms. Wyne came to SCERA from the Orange County Employees Retirement System (OCERS) where she was, most recently, the Assistant CEO for External and Legal Operations, and where she had also been legal counsel.

Ms. Wyne holds both a Bachelor of Science and law degree from Western State University and is a member of the State Bar Association and the National Association of Public Pension Attorneys. In a recent interview, Ms. Wyne talked about her career, and her goals for SCERA.



### What career path led you here?

I have had an interesting career path that initially led me in the direction of practicing law, which I did for about four and a half years in private practice before becoming a staff attorney at OCERS in August of 2000. At OCERS I initially handled member appeals, disability cases and other benefits related issues. In 2002 I was promoted to General Counsel and that expanded my responsibilities to the entire organization, including the Board. In mid-2007 I was the interim CEO during recruitment for that position, but I did not have the experience necessary to be selected for the top post. I was, however, offered a new position within OCERS of Assistant CEO, External and Legal Operations, where I gained management experience over more than just the legal division. This position provided the experience I needed to successfully compete for the SCERA Administrator position.

### Why did you want to come here from OCERS?

My decision to pursue the SCERA position had both a personal and professional basis. On the personal side, the pace of Orange County life had grown very hectic, including the fact that my husband had to commute to work on the train for about 1.5 hours each way. This made for very long workdays and less time to enjoy the family. On the professional side, the current CEO at OCERS had not given any intention that he was looking to move on, so my opportunities for career growth at that organization were nonexistent. SCERA is a very attractive retirement system in that its funding ratio is healthy, the professional advice it has been given over the years has been sound, the Board is collegial and consensus building, the political climate in Sonoma County is less onerous than Orange County and the location is beautiful. SCERA fit both the personal and professional sides of the decision to move on.

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**SCERA Board of Retirement**

- Brian Williams, Chair
- Bill Adams
- Donna Beels
- Dianne Edwards
- Michael Gossman
- Greg Jahn
- John Pels
- David Rabbitt
- David Sundstrom
- Bob Williamson

**Board of Retirement Meetings**

Meetings are generally held at 8:30 a.m. on the third Thursday of the month in the SCERA Board Room.

**Executive Staff**

Julie Wyne  
Administrator

Kelly Jenkins  
Assistant Administrator

**Editorial Staff**

Elizabeth Anderson  
Benefits Coordinator

The SCERA Times is published for members of the Sonoma County Employees' Retirement Association

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**What issues or initiatives do you think are most important for SCERA?**

SCERA has done an excellent job in the technical aspects of administering a retirement system. It is important to let our members, our participating agencies, affiliated groups like SCARE and other interested parties know it. A targeted communication effort would benefit SCERA in this regard.

I also find it very important to establish long term goals for SCERA, identifying what is important to the agency and how it intends to ensure the important issues are managed and goals are achieved. To start with, the agency should understand how it got to its current state, and document

important historical achievements. From there, the agency should solicit input from its members, participating employers, affiliated groups and interested parties on how SCERA is performing its core functions, which are administering a retirement system. From this communication and historical view, SCERA can establish strategic goals that guide the agency in its operations, and help formulate the yearly business plan. Finally, SCERA needs to create some mechanism to measure progress towards its strategic goals and ensure they remain relevant to the agency's needs.

**Why is the Retirement Administrator important to the membership?**

The Retirement Administrator is the champion of the staff and liaison to the Board for not only day to day operations but longer term governance challenges and opportunities. It is my job to provide staff with the leadership and tools necessary for them to be successful in their jobs, and to provide insight and guidance to the Board to assist them in their decision making roles. Once decisions are made, I will support them publicly and privately and ensure they are carried out. It is also my job to be the spokesperson for the organization in many situations and to ensure the agency is seen in the best light possible. But, I feel my most important role is to accept public blame (to the extent there is any) for any issue that occurs no matter what the cause while correcting the cause internally.

**What's your leadership style?**

I tend to gather as much information as I can before making decisions, so I prefer group decision making to the extent a situation or issue lends itself to this process. I also like to be clear about expectations and impacts from decisions being sought and made. I encourage questions and push back (as long as it is not delivered in an unprofessional manner), and prefer staff to do the same in their decision making process. I do not yell at people nor treat them badly,

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*Julie Wyne, continued from pg 2*

regardless of how they treat me. I am very open and encourage people to come talk to me whenever they have an issue. I am sensitive to people's feelings and feel that others should also be sensitive when choosing how to communicate. I value respect and expect people to treat each other well. I try and give staff the tools they need to be successful in their jobs, because I am only as good as the people around me.

**Tell me about your family.**

I have a lovely husband to whom I have been married for 22 years this May. He works for City National Bank as a database administrator, and was able to telecommute when we moved to Santa Rosa. I have three amazing kids – Jessica (age 10, 4th grade), Ian (age 8, 3rd grade) and Rachel (age 7, 2nd grade). Jessica is taking violin lessons and Rachel is taking guitar. They are settling into school and making friends.

My husband's parents moved to the area, actually Oakmont, which has been great for all of us. They make the kids feel like things haven't changed all that much.

**How do you find Sonoma County so far?**

I love it here and so does my family. The pace of life is less hectic, people are friendlier and the scenery is breathtaking. We are just now discovering what kind of trees/plants we have in our yard as they are all budding/flowering right now. There is wildlife all around us and we are out in nature much more than we were in Orange County. Although I miss my family and friends, we are making new friends and will get the family up to visit. Oh yeah, and the job is wonderful!!

## SCERA: Secure and Successful

When talking about a lifetime commitment, it's always best to take the long view. There will be ups and downs, but keeping a level head will help see you through. With the 2008 Great Recession, local governments in general and pension funds in particular faced a serious down. But those dedicated to finding real solutions are succeeding.

The Sonoma County Employees' Retirement Association is stable and secure. SCERA assets are approximately \$2.28 billion as of December 31, 2013. SCERA earned a 19.6% return (net-of-fees) in 2013 with a prudent, balanced investment portfolio. As a result, the most recent actuarial valuation shows the fund to be more than 80% funded on an actuarial basis and over 90% funded on a market-value basis. Over the last 10 years (to March 31, 2014), including the Great Recession, SCERA's net investment returns have averaged 6.6% a year; over the last 20 years, 7.9%.

The County employee pension plan is a good deal for taxpayers. With SCERA, the County provides a competitive pension for its employees for current contributions of less than 4% of the total County budget. National studies show that employee contributions and investment earnings pay the bulk of the benefit cost for a package of pension benefits like SCERA offers; the employer typically only pays about one quarter of the cost of the pension benefits. In Sonoma County, the average Legacy Plan employee pays over 12% of their pay into the retirement system. New employees, who are getting a reduced pension benefit, pay different rates.

Beginning January 1, 2013, employees who are new to public employment are covered by the Public Employees' Pension Reform Act (PEPRA) legislation. This legislation reduces benefits and increases retirement age for the highest age factor to 67 for general members and 57 for safety members (such as law enforcement and firefighters). PEPRA also requires member contributions equal to half of the cost of the benefit earned. Like the Legacy Plan members, PEPRA Plan members also make additional contributions to pay off funding liability associated with the benefit change a decade ago. Also, like Legacy Plan members, PEPRA Plan members get no guaranteed cost of living increase in retirement.

SCERA is working its way back from the market downturn of the 2008 Great Recession. The unfunded liability impact of the market losses was about five times larger than the impact of the benefit increase given County employees ten years ago. But since 2007 each unfunded liability of the retirement system is being paid off over a closed 20-year period. And current benefits are funded as they accrue. We are on the right path and getting closer to our goal of full funding. The closer we get, the less employer contributions will be.

By establishing the SCERA trust fund to invest employer and employee contributions and to provide retirees a pension benefit, Sonoma County honors a commitment to long-term employees. With hard work and a clear vision, SCERA is fulfilling that trust.

## Minor Changes to Legacy Plan Employee Contributions Coming in July

Overall, the average employee contribution will decrease slightly in the next fiscal year. However, there are differences between members of the Legacy Plan (Plan A) and the PEPRA Plan (Plan B). And there are differences depending on whether you work for the County or another employer covered by SCERA. Some employees will pay higher contributions next fiscal year.

Each year SCERA has an actuarial valuation of the retirement system. This valuation is a tool to ensure that the system remains on track to be financially sound and viable. Any necessary adjustments to contributions are made as a result of the actuarial analysis. Employee contribution rates are affected by changes in factors such as the anticipated lifespan after retirement, salary assumptions, or the investment earnings assumption.

For the upcoming fiscal year the employer contributions will increase and employee contributions will be adjusted.

During recent collective bargaining, the ability for County employees to cash out unused leave time was eliminated. Because cash outs were a separate component of the cost of the Legacy Plan (the PEPRA Plan has never recognized cash outs as compensation), their elimination decreased the amount of contributions necessary to fund County employee Legacy Plan benefits. The other SCERA employers, the Courts and Valley of the Moon Fire Protection District, did not eliminate cash outs and did not realize this retirement contribution break.

For County employees in the Legacy Plan, the net of all changes was a slight decrease in the average employee's contributions. For Legacy Plan members who are employees of the other SCERA employers, there will be an increase in employee contributions of about \$5 a paycheck on compensation of \$40,000/year. Because each Legacy Plan member's contribution rate is based on their age of entry into the system, the change for each member will vary slightly according to their entry age.

There will be no change in contribution rate for any PEPRA Plan employees in SCERA.

In these times, every dollar is precious. But the value of a financially sound retirement system is worth every penny.

## Important Dates

### Retiree Pay Dates

May 30, 2014  
June 30, 2014  
July 31, 2014  
August 29, 2014  
September 30, 2014  
October 31, 2014  
November 26, 2014  
December 31, 2014



### Holiday Schedule

May 26: Memorial Day  
July 4: Independence Day  
September 1: Labor Day  
November 11: Veteran's Day  
November 27-28: Thanksgiving  
December 25: Christmas Day

Our office will be closed on these holidays, but we're still available at [www.scretire.org](http://www.scretire.org) when you need information on our programs and services. Our personalized, secure website [www.MySCERA.org](http://www.MySCERA.org) lets you view your account information and conduct much of your SCERA business online at any time.

### Important Disclaimer

This newsletter was prepared by SCERA staff to help members understand issues surrounding many aspects of their retirement benefits. Every effort has been made to ensure the accuracy of the information provided. However, you should not rely solely on the information contained in the newsletter. If there is any discrepancy between information in this newsletter and legal requirements under State or Federal law, the law will govern.

## Meet Your New Trustees



**Michael Gossman** was elected by SCERA's General membership for a term that began in January 2014. Michael is the Division Director of Finance and Administration at the Sonoma County Water Agency, where he is responsible for the administrative, financial and business operations. Michael has a Bachelor's Degree in Economics, and a Master of Business Administration, both from Sonoma State University, and is an active member of the Government Finance Officers Association. Earlier this spring, Mr. Gossman was named as one of North Bay Business Journal's "Forty Under 40," recognizing him for his leadership within the County and the community. Mr. Gossman also sits on the Windsor Unified School District Superintendent's Financial Advisory Committee and the Steering Committee of the Sonoma County Combined Fund Drive.



Four SCERA Trustees are appointed by the Board of Supervisors. **Bob Williamson**, the most recent appointee, spent 33 years with Chevron in senior finance and related assignments, retiring in 1998. At Chevron he had management responsibility over Chevron's defined benefit and 401k plans. He has served on the Sonoma County grand jury, and is currently serving on the Ratepayer Advisory Committee of Sonoma Clean Power.

## SCERA Contributes to Local Economy

SCERA members, active employees and retirees, are taxpayers too. As taxpayers, they should know that although SCERA receives less than 4% of the total County budget, that portion of their tax dollars is benefiting the Sonoma County economy in a big way.

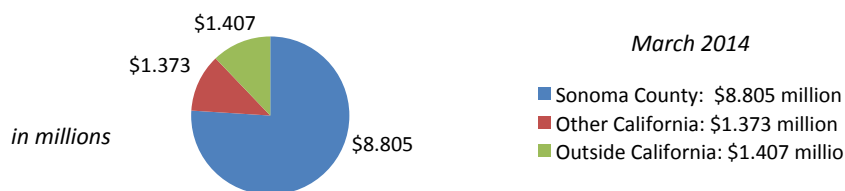
Each and every month SCERA pays out benefits to retired members and their beneficiaries. Benefit payments are made whether the stock market is up or down; they are made in good times and bad. When other sectors of the economy shrink, SCERA benefit payments do not. SCERA profits the Sonoma County economy by providing economic stimulus even during tough economic times.

More than 75% of SCERA retirement benefits are paid to Sonoma County recipients. In March, 2,942 Sonoma County retirement recipients received an average of about \$3,000 each. Sonoma County benefit recipients receive about twice as

much in retirement benefits as public employers contribute into SCERA. This is possible because employees make substantial contributions also and investment earnings pay for the bulk of the retirement benefits.

Moreover, these retirement benefit dollars circulate in the local economy as benefit recipients spend for their basic needs. The National Institute on Retirement Security (NIRS) has calculated that each dollar of pension benefit paid leads to \$2.36 in direct, indirect and induced economic impact. That's a \$20 million boost to the economy each month from Sonoma County recipients; almost a quarter billion dollars a year. That's a healthy return on the taxpayers' investment.

### SCERA's monthly impact on local economy



## Market Update

SCERA's recent returns have been very strong, with a one-year performance through March 31 of 15.6%.

The Plan's long investment horizon allows it to focus on assets with higher expected long-term returns even if those assets are more volatile compared to lower returning asset classes. The Plan has allocated a substantial two thirds of its assets to stocks and the strong returns over the last five years reflect the capture of robust stock market returns around the world.

As we have previously noted, the 2008-09 market downturn had a significant impact on the Plan's market value. SCERA maintained and will continue to maintain its long-term policy allocations through the markets ups and downs. This focus on long-term asset allocation to drive Plan returns enabled the fund to capture the strong post recession market recovery resulting in the Plan assets reaching \$2.3 billion at the end of March 2014.

### Sonoma County Employees' Retirement Association SUMMARY OF PERFORMANCE (Net-of-Fees) As of March 31, 2014

	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	20 Yrs
Plan Return (Net-of-Fees)	1.7%	15.1%	10.1%	15.6%	6.6%	7.9%
Policy Benchmark	2.0%	13.5%	9.3%	14.0%	6.6%	8.0%
Difference	-0.3%	1.6%	0.8%	1.6%	0.0%	-0.1%

*Current Annual Assumed Rate of Return 7.5%*