



## How has COVID impacted SCERA

**S**CERA is responsible for protecting the pension trust assets and acting in the best interest of the members and beneficiaries. To do that, it is important to understand and manage risks. Risks can take different forms, from investment risk to global pandemic risk. They can vary in severity, length and impact. During this COVID pandemic, SCERA has had to adapt to a new kind of risk. One that impacts employees, safe working environments, delivery of service to members and beneficiaries, public Board meetings and investment earnings.

COVID has required SCERA to adapt its workplace to accommodate social distancing, screening, disinfecting and limiting in-person classes and meetings. All of the work spaces are at least six feet apart, and all staff are required to screen themselves prior to entering. The screening consists of taking one's temperature and answering screening questions in an app that was designed by Sonoma County.



Staff wears masks when moving around the office, or when addressing other staff members.

To ensure social distancing, we are maintaining an appointment based system to meet our member's individual needs and scheduling fewer members for the classes we offer. We are handling all of our public Board meetings on WebEx and allowing the public to offer comments on agenda items prior to the meeting, or during the meeting as the agenda item is called.

We are keeping a close eye on our investment performance, but

it is too early to know the long-term economic and financial market effects. We will comment more completely on the pandemic's impact on recent investment results in the Spring 2021 newsletter.

One area directly impacted by the pandemic is SCERA's ongoing due diligence of its investment managers. As part of a comprehensive risk management



## SCERA Times

### SCERA Board of Retirement

**Christel Querijero**, Chair  
**Neil Baker, Travis Balzarini,**  
**Susan Gorin, Greg Jahn,**  
**John Pels, Erick Roeser,**  
**Joe Tambe, Brian Williams,**  
**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**, Chief Executive Officer  
**Kelly Jenkins**,  
Assistant Chief Executive Officer  
**Jim Failor**, Chief Investment Officer

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

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should be directed to:

[Retirement@sonoma-county.org](mailto:Retirement@sonoma-county.org)

Or contact SCERA at:  
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Santa Rosa, CA 95403  
(707) 565-8100

**This Newsletter** is not intended or designed to be financial  
advice, tax advice or legal advice. SCERA does not render  
financial, tax or legal advice. Please consult with your  
financial, tax and legal advisors regarding your personal  
circumstances.

**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.

## How has COVID Impacted SCERA *Continued*

framework designed to protect the Trust's assets, SCERA investment staff visits the offices of SCERA's investment managers on a triennial basis with roughly one third of the managers visited in any calendar year. This is in addition to the due diligence performed by our investment consultant, Aon. With travel restrictions and the closure of manager offices, staff has been unable to undertake on-site due diligence visits since March.

Fortunately, not long ago SCERA installed video conferencing equipment in its Boardroom. SCERA's investment staff has conducted several half-day virtual due diligence meetings with investment managers over recent months. One of the topics covered during these meetings is disaster recovery and business continuity, which is made even more topical by the current pandemic.

Although normal processes cannot be followed, the SCERA investment team can still remotely evaluate our investment managers' operations, which is particularly important under these unusual circumstances. The reviews done this way have not discovered any causes for concern. Still, the investment team plans to meet with the managers in their offices for supplemental reviews when travel and working practices return to normal.

SCERA has adapted to the changing conditions to continue serving our members and beneficiaries in the safest and most prudent way it can.





## *Have you heard of the* **ALAMEDA CASE?**

**R**ecently the California Supreme Court decided an important case impacting the calculation of pension benefits for county retirement plans, like SCERA, under the **County Employees Retirement Law (CERL)**. The case is *Alameda County Deputy Sheriff's Association v. Alameda County Employees' Retirement Assn.*, 9 Cal. 5th 1032. The *Alameda* case consolidated lawsuits from Alameda County, Contra Costa County and Merced County about the application of Government Code Section 31461 (part of the CERL). That statute defines compensation earnable in pension calculations for legacy members (members first employed by a county or district prior to the effective date of **PEPRA (Public Employees' Pension Reform Act)**, January 1, 2013, who don't have reciprocal service with another California retirement system).

At issue was language amended into the statute when PEPRA was enacted that limited the definition of compensation earnable to exclude or limit additional types of compensation like on call or standby pay and pay for leave cash outs that exceeds what is earned and payable to the member in their final average salary measuring period.

At the time PEPRA was enacted, and the compensation earnable statute was amended, all of the County retirement plans under the CERL reviewed the items of compensation that were included in compensation earnable for pension benefit calculations. Each plan had its own approach and each

arrived at a policy decision that was adopted by their respective Boards of Retirement. Sonoma County was no exception. After careful analysis and discussion, including a review of the Court Approved Settlement Agreement and Judgment entered in June of 2003, following litigation over compensation earnable, previous retirement compensation determinations contained in earlier resolutions, and a detailed implementation plan developed by the Retirement Administrator, legal counsel and staff, the Retirement Board passed Resolution #112 on November 26, 2012.

Resolution #112 contains policy guidelines for determining whether an item of compensation is included or excluded from compensation earnable and delegates the authority for the initial determination of any new pay item to the Retirement Administrator, subject to review by the Board. As to existing items of compensation, the resolution contains an appendix that lists pay items, and categories of pay items, and identifies whether each item or category of items is included, excluded or subject to a facts and circumstances test. The Resolution excluded, for retirements on and after PEPRA's effective date, standby pay, which is a premium paid for being on call, leave cash outs that were in excess of what could be earned and payable during the member's final average salary period, bonuses and other one-time payments and terminal pay, among other things. *Continued on page 4.*

# Spotlight on: Benefit Estimates

## Did you know that with a few clicks of the mouse you can calculate a retirement benefit estimate online?

**T**o generate a benefit estimate using your employer's reported pensionable salary and service credit, log into your MySCERA account. The results show your estimated monthly benefit amounts based on current data. The estimate also states the value of converting your current balance of accrued sick leave to retirement service credit. You can be confident the data MySCERA is using is up to date, as the information comes from our system.

SCERA staff uses the same information as the estimator when processing formal benefit estimate requests. SCERA recommends that you request a formal estimate if you leave employment before you are eligible to retire, if you have transferred to a reciprocal system, or if there is a division of your benefit as the result of a divorce.

*To create your own benefit estimate visit our website at [myscera.org](http://myscera.org) and click on the "Estimate a Benefit" link on the left menu bar.*

*If you do not have a MySCERA account, please contact us and we will send you the necessary information.*

## Have You Heard of the Alameda Case? *Continued from page 3.*

**M**erced, Alameda and Contra Costa County retirement plans enacted similar resolutions or policies and all three counties were sued, resulting in the consolidated Alameda case. Plaintiffs argued that the Ventura litigation settlement agreements entered into by CERL Boards in the late 1990's or early 2000's (Sonoma settled in June of 2003) set up a contractual right for retiring members to receive elements of compensation contained in those agreements despite later legislative changes to the compensation earnable statute. The court rejected the argument finding that the agreements were silent as to future legislative changes, and even if they weren't silent, Retirement Boards do not have the authority to administer benefits contrary to the statutes.

Plaintiffs also argued that the legislative amendment to Section 31461 was unconstitutional, that it violated the contracts clause of the California and US Constitutions, and that no modification could occur without comparable new advantages given. In applying the California Rule test, the court ruled that while the amendments to the definition of compensation earnable

imposed a financial disadvantage on the affected employees, the government's purpose for doing so, which was to eliminate pension spiking, was sufficient, for constitutional purposes, to justify such an impairment of pension rights. The court then looked at the second part of the test, which is to analyze whether comparable new advantages should have been provided, and concluded that to do so would be inconsistent with the modification since the modification was designed to rein in the financial cost of pension spiking.

SCERA is very fortunate to have had excellent counsel and leadership when the amendments at issue were made to the CERL and, thanks to the Retirement Board, counsel and staff, implemented those amendments in line with the California Supreme Court ruling in the Alameda case. SCERA has been excluding standby or on call pay from compensation earnable calculations since January 2013, and has limited allowable cash outs to what is both earned and payable in the 12 month final average salary measuring period. Other CERL systems that took a different approach back in 2013 must now determine how to reconcile their approach with the Supreme Court decision.

# POWER of ATTORNEY

## Not Just for Our Retirees

**A** Power of Attorney (POA) is a legal document that allows someone else to act as your legal agent. The agent, called an **Attorney-In-Fact**, is authorized to perform important duties that you specify in your POA, such as financial, medical, and retirement decisions and transactions.

SCERA's special POA enables your agent to file applications, make benefit

elections, designate beneficiaries, designate a bank account for electronic transfer of retirement benefits, change your address or contact information, choose tax withholdings, access information (including online member account information), endorse benefit payment warrants, etc.

Certain circumstances may trigger the desire for a POA for someone over the age of 18. For example, someone in the military might create a POA before deploying overseas. Anyone that travels for work may wish to have one so that someone can handle their affairs in their absence. A POA can be useful for someone undergoing surgery or in other medical situations



where you can't act on your own behalf. Keep in mind that with retirement, being married does not give your spouse authority to act on your behalf. A POA would still be required.

One concern that many people have is that they believe a POA takes away their rights. This is not true. You can still handle your retirement affairs until you become incapacitated or need your POA agent to

act on your behalf. Look at it more as a safeguard, not a replacement of your authority.

SCERA members should review whether or not a POA makes sense for them and their current situation. Remember, once you become incapacitated, whether from health issues or an unexpected event, it will be too late to get a POA. Only someone still deemed competent can authorize a POA. All POAs can be terminated at any time as long as you are still competent. You may submit a written statement to SCERA requesting that it be revoked or terminated immediately.

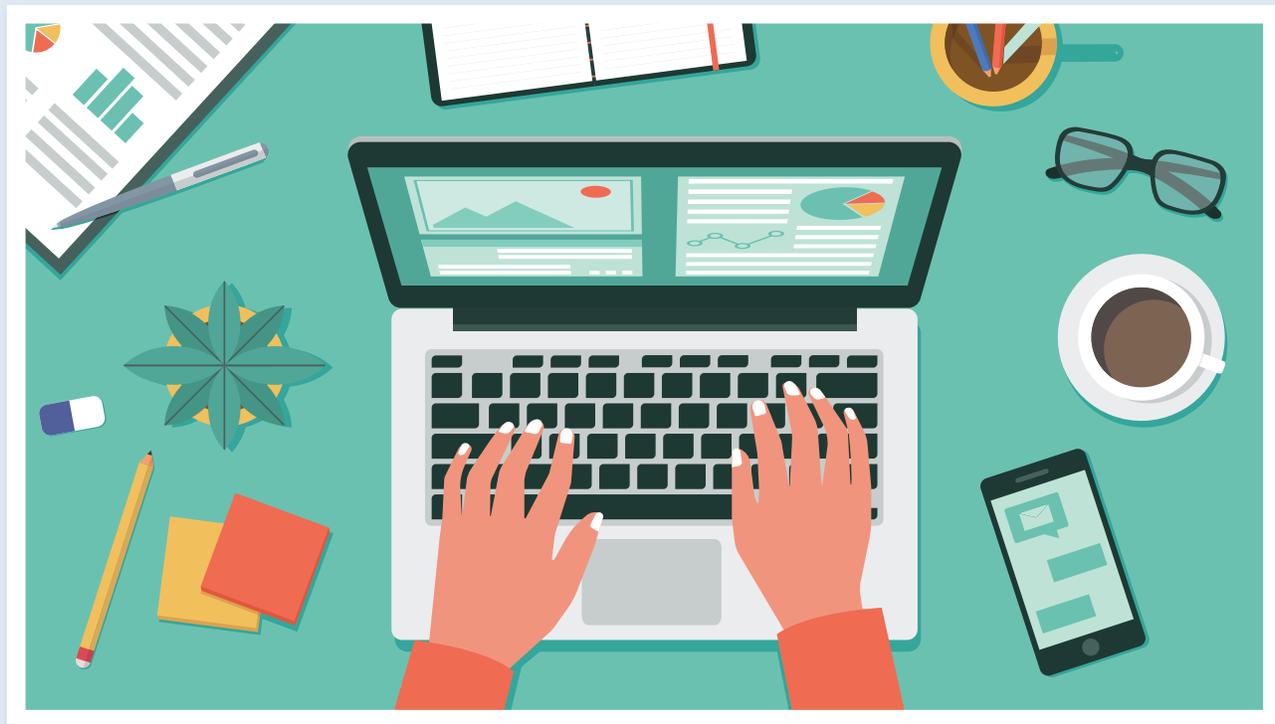
*The SCERA Power of Attorney Form is available online at [scretire.org](https://www.scretire.org) under the Resource Center tab.*

## SCERA Definition



### re · ci · pro · ci · ty

**n:** An agreement between most California public employee retirement systems that links public service for employees who move between two or more reciprocal retirement systems and allows those employees to maintain retirement rights and benefits in each system. At retirement, each system will provide you with a benefit based on the service credit in that system.



# SCERA Retirement Seminars

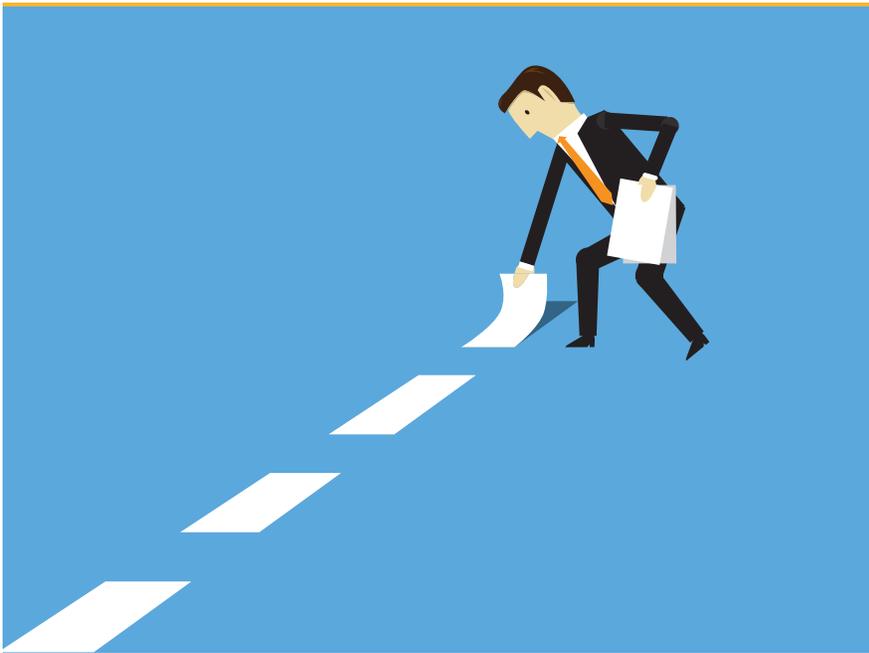
IN LIGHT OF RECENT EVENTS, SCERA has limited the size of our seminars to ensure social distancing. For those considering retirement please note attending a seminar is not a requirement. In lieu of attending an in-person seminar members can download the PowerPoint presentation slides available at [scetire.org](http://scetire.org).

**Scheduled upcoming classes that are currently open include the following:**

TITLE	START DATE	TIME
Planning to Retire	January 13	2:00-4:00 pm
Path to Retirement	January 20	8:30-9:30 am
Planning to Retire	January 22	2:00-4:00 pm
Planning to Retire	February 3	9:00-11:00 am
Planning to Retire	February 10	2:00-4:00 pm
Planning to Retire	February 22	2:00-4:00 pm

MySCERA
Available Seminars
Member Information
Account Summary
Account Transactions
Contact Information
Beneficiaries
Estimate a Benefit
Estimate History
Seminar
<b>Seminar Registration</b>

A complete description of the seminars is available at [scetire.org](http://scetire.org). You can enroll in the seminars by logging into [MySCERA.org](http://MySCERA.org) and clicking on **Seminar Registration**.



### Tax Tip for Retirees:

## Keep your December Advice of Deposit!

**R**etirees and beneficiary recipients, don't forget to keep your **Advice of Deposit** or pay check stub from your December 31, 2020 benefit payment. This form will list some Year-To-Date information that will **NOT** be provided on the 1099-R mailed to you in late January. Specifically, it will give you the 2020 totals for your out-of-pocket cost of health, dental, and vision care. If you are itemizing your tax returns or claiming the health care credit for Safety officers, you may need to list this information.

## Insurance issues?

**R**etirees, if you have questions about your health, dental, or life insurance plan please call or visit your employer's Human Resources (HR) Department. Your employer's HR Department is responsible for the administration of active and retiree health care programs. Please contact them with any questions about other post employment benefits.



### IMPORTANT DATES

#### Retiree Pay Dates

November 30, 2020

December 31, 2020

January 29, 2021

February 26, 2021

March 30, 2021

April 30, 2021

May 28, 2021

#### Holiday Schedule 2020

November 11: Veterans Day

November 26: Thanksgiving Day

November 27: Day After Thanksgiving

December 25: Christmas Day

#### Holiday Schedule 2021

January 1: New Year's Day

January 18: Martin Luther King Day

February 12: Lincoln's Birthday

February 15: Presidents Day

March 31: César Chávez Day

May 31: Memorial 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.



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