



# Retirement Quarterly

## RETIREMENT BOARD AUTHORIZES UPDATE OF SURPLUS PROJECTION REPORTS

At the August 2009, Board meeting, the Board accepted an updated Surplus Projection Report by their Actuary, The Segal Company. The report provided updated projections from June 30, 2009 to June 30, 2014, based on assumed, optimistic and pessimistic investment return assumptions. The current Surplus Projection Report indicates that the Retirement System remains healthy and well funded, however, the surplus assets in the System have been dramatically reduced due to investment losses over the past two years.

Due to the uncertain investment markets conditions at the time the study was started, the assumed investment return for fiscal year 2010 was projected at only 5 percent. The good news is that the Retirement System has now earned approximately 16 percent between July 1, 2009 and October 21, 2009. Unfortunately, the higher than projected investment returns impact the longer term projections in the report. The Board is now asking their actuary to revise the data and provide the Board with any other actuarial alternatives that the Board can examine and will also

provide the City, active members and retirees with the most accurate information as possible to manage the transition from a surplus funded system.

## What Does This Mean to the City, Active Members and Retirees?

For the City, they will have to start making their full normal pension contributions over the next two years which will have a significant impact on their budgets. Since FY 1997, the surplus earnings from assets of the System have provided funding that has offset the City's pension contributions, but with the recent loss of the surplus assets in the System, the System can no longer cover the City's normal pension contributions.

For Active Members, over the next couple of years active members will no longer have their cost-of-living contribution rate offset by the surplus earnings of the System and will see an increase in their employee normal pension contribution rate that require the member to pay their full normal contribution rate. Active Members have had this substantial benefit providing pension contribution relief since FY 1997. Employee contribution savings for the average member would have accumulated to approximately \$15,000 over the past thirteen years. If the assets of the System exceed 110% of the actuarial accrued liabilities, this cost-of-living offset can return.

For our Retirees, over the next couple of years retirees will see the Post Retirement Supplemental Benefit ("PRSB") payment decreased and ultimately cease until the assets in the System once again exceed 110% of the actuarial accrued liabilities.

## What's Inside?

**Boards Authorize Update to Surplus Projection Report**  
Page 1

**INVESTMENT REPORT**  
Page 2

**MEMBER NEWS**  
Page 3

**RETIREES**  
Page 4



## Service Choices Caring for your Future

VISIT US MONDAY-FRIDAY, 8 AM TO 5 PM.

CALL FOR AN APPOINTMENT AT (559) 621-7080.

VISIT OUR WEBSITE AT [www.CFRS-CA.org](http://www.CFRS-CA.org)

EMAIL YOUR QUESTIONS OR COMMENTS TO [RETIRE@FRESNO.GOV](mailto:RETIRE@FRESNO.GOV).



# INVESTMENT news

BY STANLEY McDIVITT  
RETIREMENT ADMINISTRATOR

## Status of Investment Committee Projects

The Investment Committee is currently focusing its attention on risk budgeting which will include an in-depth review of each of the Systems investment managers and determination as to whether or not the return/risk manager structure for all asset classes is optimal and appropriate given the Systems long-term investment objectives and the current market environment.

Following the thorough review of investment managers, the Committee will determine what changes, if any, are warranted, and focus its attention on an examination of its current Asset Allocation Plan.

The Committee will also conduct educational sessions with its Investment Consultant to gain further information and knowledge about opportunistic debt, inflation protected asset classes and private equity.

## The Economy

At their most recent meeting in September, members of the Federal Reserve policy making Open Market Committee agreed to keep the benchmark rate in a range of zero to 0.25 percent, where it has been since December 2008. The Federal Reserve announcement stated that economic conditions will warrant keeping the rate low "for an extended period".

The index of U.S. leading economic indicators rose in September for a sixth straight month, which according to some reports shows that the economy is likely to expand into early 2010.

While some gauges of the economic outlook show that we have experienced the biggest six-month gain in 26 years, other reports show that jobless claims are still on the rise and home prices are still falling. There is no doubt that we have experienced a recovery from the huge market losses of last year but real long term sustainable recovery will take time and may very well encounter some setbacks along the way.

## Investment Performance of the Systems

For the twelve months ending September 30, 2009, our System's cumulative investment returns were 0.47 percent. For the past five years our System's annualized return was 4.31% which compares quite favorably with the five year return of the DJWilshire 5000 composite index return of 1.80%, SP 500 return of 1.02%, the Russell 2000 Growth return of 2.91%, MSCI EAFE International Index return of 6.57% and the Lehman Aggregate bond index of 5.13%.

Inspite of the severe downturn in the investment markets over the past two years, the Systems' annualized returns are 8.32 percent over the past fifteen years, 0.38 percent above the Systems' weight benchmark return of 7.94 percent and 0.07 percent above the target investment rate of 8.25 percent.

As of September 30, 2009, the Retirement System's portfolio had 60.5 percent in equities, 30.08 percent in fixed income, 8.70 percent in public and private open ended real estate investment funds. The investments were further diversified into the following asset classes and target percentages:

	ACTUAL	TARGET
Large-Cap equities	20.6%	22.5%
Small-Cap equities	8.7%	7.5%
International equities	25.9%	25.0%
Emerging market equities	5.3%	5.0%
Domestic fixed income	24.7%	25.0%
High Yield fixed income	6.1%	7.0%
Real Estate	8.7%	10.0%
Total	100%	100%

This asset class diversification along with portfolio investment style diversification is all part of the Retirement Board's Investment Risk Management Program.

## MISSION STATEMENT

*To provide System members and the Employer with flexible, cost-effective, participant-oriented*



## Save Time - Schedule Your Retirement Counseling Appointment In Advance

Do you have questions about Retirement and need to speak with a Retirement Counselor? If so, please contact us at (559) 621-7080 to schedule your one-on-one counseling session. Appointments scheduled in advance reduce wait time and allow us to provide you with the best service possible. Same day or next day appointments are often available. Please set aside up to 30 minutes for your pre-scheduled counseling appointment and let a staff member at the front desk know when you arrive.

### To Schedule an Appointment:

- Call (559) 621-7080 and a Retirement Staff member will coordinate a date and time that is best for you.
- Request an appointment online by emailing [Retire@fresno.gov](mailto:Retire@fresno.gov). Your appointment will be confirmed via email within one (1) business day from receipt of the original request.

*We look forward to seeing you!*



### What is Reciprocity?

In 2002, the City of Fresno contracted with the California Public Employees Retirement System (CalPERS). CalPERS has an agreement with many public retirement systems that allows movement from public employer, within a specific time limit, without losing valuable retirement and related benefit rights. This is called RECIPROCITY.

There is no transfer of funds or service credit between systems when you establish reciprocity. You become a member of both systems and are subject to the membership and benefit obligations and rights of each system (for example, minimum retirement age), except as modified by the reciprocity agreement. Upon retirement, separate retirement allowances are received from each system.

## IS IT TIME FOR A CHANGE?

If you wish to make changes to your Retirement records, the Retirement Office cannot take requests for changes to personal information via telephone or email. If you need to change personal information, please submit a request to our office in writing and ALWAYS sign and date your requests.

**Change of Address:** If you are an ACTIVE employee, notify your Department payroll clerk. This change can only be made in PeopleSoft. If you are a RETIREE or in DROP, notify the Retirement Office in writing or call and request a change of address form.

**Direct Deposit:** If you are changing your direct deposit account, you will need to provide the name of the bank, routing number, account number, and type of account (savings or checking). If checking account, in addition to the above, you must provide a voided check that has your name preprinted.

**Federal and State Withholding:** Retirement Counselors are always available to help you complete these forms; however, cannot provide tax advice.

**Change of Beneficiary:** You may also want to change your beneficiary due to marriage, divorce, domestic partnerships registration, death or other life changing events. To update this information, you must complete the Beneficiary Designation form and provide all support documentation (if any).

All of the above forms are available on the Systems website at [www.CFRS-CA.org](http://www.CFRS-CA.org).

In order to be eligible to establish reciprocity you must satisfy the following conditions when changing employment:

1. You must continue membership in the first retirement system by leaving your contributions on deposit with the system.
2. Once you leave the first employer, you must be employed and enter into the reciprocal retirement system within six months.
3. You must retire from all reciprocal systems on the same day.
4. If you elect to enter DROP, you may not be able to comply with this requirement.

# Retirees

July 1 - Sept 30, 2009

KATHLEEN ANDERSON  
 DON BEEDLE  
 ROBERT BELMONTE  
 BRUCE BETHKE  
 JIMMIE BIER  
 FRANKLIN CARVALHO  
 KIMBERLY COOK  
 MICHAEL CROSS  
 ROSEMARY DE GRACIA  
 TIM FACCINTO  
 LAWRENCE FREDE  
 PHILLIP GARCIA

HENRY GOMEZ  
 LARRY HAWKINS  
 DOYLE HUBBS  
 NATHANIEL JACKSON  
 LINN JOHNSON  
 RICHARD LAIRD  
 SOMSAK PHANUCHARAS  
 MANUEL RODRIGUEZ JR  
 FELIX RUBIO  
 MATTHEW VAN VALKENBURGH  
 DONALD WALLACE

## 2009

OCTOBER						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

NOVEMBER						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

DECEMBER						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

- Retirement Board - 2:00 pm - 2nd Wednesday of every month (Nov 11 Board meeting rescheduled to Nov 16)
- Administrative Committee - 8:30 am - 3rd Tuesday of every month (effective July 2009) Note: June 17 meeting rescheduled to June 30.
- Investment Committee - 8:30 am - 4th Tuesday of every month (effective July 2009)
- Retirement Benefit Pay Dates - Last working day of month.



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