

# RETIREE Report

A Semi-Annual Publication from the  
Fairfax County Retirement Administration Agency  
Designed for County Government & County School Retirees

[www.fairfaxcounty.gov/retirement/](http://www.fairfaxcounty.gov/retirement/)

## COLAs

Effective July 1, 2008

Cost of Living Adjustments (COLAs) for retirees and DROP participants in the Employees', Police Officers and Uniformed Retirement Systems were effective July 1, 2008.

Fairfax County Code includes a provision for an annual COLA for the Employees', Police Officers and Uniformed Retirement Systems. The "standard" annual COLA is the lesser of 4.0% or the percentage increase in the Consumer Price Index (CPI-U) for the period ending in March of each year. This year, the increase in the CPI-U was 4.7%. Therefore, this year's standard COLA for Fairfax County members is 4.0%.

In addition, each retirement system Board may grant up to a 1% "ad hoc" COLA if their respective retirement funds meet certain financial criteria.

For the fiscal year 2009, the Police Officers Retirement System Board was the only Board able to grant any amount of ad hoc COLA due to rules governing the financial status of the plans and the terms of the County Code regarding the granting of additional COLAs. The Employees' and Uniformed Retirement Systems did not meet the financial criteria for granting an ad hoc COLA amount.

COLAs, effective July 1, 2008, for members of each of the Fairfax County Retirement Systems are as follows:

- Employees' = 4.0%
- Uniformed = 4.0%
- Police Officers = 5.0%

*continued on page 2*

## Healthy State of Fairfax County Retirement Systems

All is well, according to **Ed Long**, Deputy County Executive, Fairfax County. Please see copy of memo sent to all County employees on page 4 of this newsletter

## New DIRECTOR

*Retirement Administration Agency*

Effective May 5, 2008, the Fairfax County Board of Supervisors has appointed **Robert L. Mears** as Executive Director to the Retirement Boards.

The Retirement Administration Agency manages three separate defined benefit retirement systems: Employees', Police Officers and Uniformed.

Mr. Mears replaces **Laurz A. Swartz**, who has resigned to pursue other interests.

Since 1999, Mr. Mears has been the Director of the Fairfax County Department of Finance. While serving in this capacity, he also held the positions of Treasurer and Investment Committee Chairman of the Fairfax County Employees' Retirement System; Treasurer of the Fairfax County Police Officers Retirement System; and Treasurer of the Uniformed Retirement System. In 2002, Mears was the recipient of Fairfax County's Managerial Excellence Award.

From 1989 to 1999, Mears was the Director of Finance of the Fairfax County Public Schools (FCPS). During his tenure with FCPS, Mears served as Vice Chairman and Investment Committee Chairman of the Fairfax County Employees' Retirement System and Treasurer of the Educational Employees' Supplementary Retirement System. He joined the FCPS staff in 1986 as budget coordinator following five years of service with Fairfax County government as a management analyst. ★

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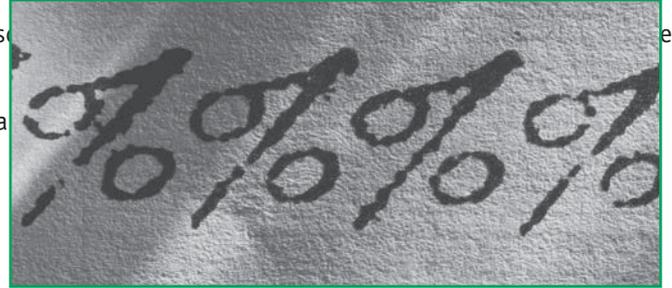
## COLAs *continued from page 1*

Cost of living increases will be reflected in retiree payments on July 31, 2008. As a reminder, COLAs apply only to base benefits and not any pre-social security benefits.

### Please Note:

For members who have retired or entered DROP during the current fiscal year, the effective dates of retirement or DROP entry:

- July 2, 2007 and October 1, 2007 ..... 75% of the COLA amount
- October 2, 2007 and January 1, 2008 ..... 50% COLA
- January 2, 2008 and April 1, 2008 ..... 25% COLA
- After April 1, 2008..... 0% COLA



## Retirement Agency Website **NEW LOOK** --

### New Look, New Features

The Retirement Agency has unveiled it's newly designed Agency website.

Please visit <http://www.fairfaxcounty.gov/retirement/> to navigate around our redesigned website.

Make sure to check out the **Member Area** in the left navigation bar for access to Web Member Services (WMS), where retirees have access to many new features, including:

- ★ individual payroll history
- ★ year-to-date totals
- ★ deductions
- ★ direct deposit information
- ★ 1099-R information
- ★ tax withholding elections
- ★ insurance deductions
- ★ beneficiary information

Please be aware that you can only access information through WMS, you cannot make any changes. To make changes in your direct deposit or withholding amounts or if you have questions, please contact the Retirement Agency at 703-279-8200. ★

## To get started using Web Member Services:

- ★ Under **Member Area**, click on the link for "**Secure Log In**"
- ★ The first time you visit the **Member Area**, you will need to establish a log-in identification name and password by clicking on "**Need an Account?**"

**Fairfax County Retirement Systems**

you are here: [homepage](#) > fairfax county retirement systems

The Fairfax County Retirement Administration Agency manages three separate defined benefit retirement systems, **Employees', Police Officers and Uniformed**. For further information, visit the System of which you are a member:

**EMPLOYEES'**  
Membership in the Fairfax County **Employees' Retirement System** includes full-time merit employees, part-time merit employees working at least 20 hours per week, and school employees such as those who work in transportation or food service or as clinic room aids or crossing guards.

**POLICE OFFICERS**  
Membership in the **Police Officers Retirement System** is exclusive to sworn police officers in the Fairfax County Police Department.

**UNIFORMED**  
Membership in the **Uniformed Retirement System** includes uniformed or sworn employees in the following groups: Fire and Rescue and Sheriff's Departments, Public Safety Communicators, Animal Safety Wardens, Helicopter Pilots and some former Park Police Officers.

Active Employees': [dropdown] Active Police Officers': [dropdown] Active Uniformed': [dropdown]  
Retired Employees': [dropdown] Retired Police Officers': [dropdown] Retired Uniformed': [dropdown]

**ADDRESS:**  
10680 Main Street  
Suite 280  
Fairfax, VA 22030

Phone: 703-279-8200  
1-800-333-1633  
TTY 711  
Fax: 703-273-3185

**AGENCY HOURS:**  
8:00am - 4:30pm  
Walk-In Hours:  
11:00am - 2:00pm  
(Walk-in sessions are limited to 15 minutes)

**MEMBER AREA:**  
[Secure Log In](#)

**BOARD OF TRUSTEES:**  
[Employees'](#)  
[Police Officers](#)  
[Uniformed](#)  
[Meetings Calendar](#)

# FAIRFAX COUNTY Retirement Systems Funds Profile

The following chart reflects the funding status of the Employees', Uniformed and Police Officers Retirement Systems as of June 30, 2007. If you have questions, please contact the Retirement Administration Agency at 703-279-8200, TTY 711.

## Employees' Retirement System

Active Membership (6/30/07) ..... **14,914**

### Income and Expenditures for FY 2007

Contributions  
Plan members..... \$29,805,266  
Employer ..... \$57,452,711  
**Total..... \$87,257,977**

### Investment income

From investment activities ..... \$368,917,172  
From securities lending activities ..... \$22,936,447  
**Total..... \$391,853,619**

### Less: investment-related expense

Investment management fees ..... \$11,641,036  
Securities lending ..... \$20,628,024  
Banking services and other..... \$804,933 (33,073,993)  
Net investment income ..... \$358,779,626  
**Total additions ..... \$446,037,603**

### Deductions

Regular service benefits ..... \$108,782,484  
Disability benefits..... \$6,414,723  
Survivor benefits..... \$2,688,700  
Refunds and other expenses ..... \$5,802,296  
**Total deductions ..... \$123,688,203**  
**Net increase for the year..... \$322,349,400**

### Net assets held in trust for pension benefits

As of July 1, 2006..... \$2,460,951,498  
As of June 30, 2007 ..... \$2,783,300,898

### Assets at Market Value (as of June 30, 2007)

Equities..... \$1,205,436,409  
Fixed Income ..... \$595,290,579  
Mutual Funds and Pooled Trusts..... \$791,043,477  
Short-term investments/Accruals/Cash ..... \$239,215,951  
Equity in County's Pooled Cash..... \$2,885,447  
Receivable from sale of investments ..... \$253,827,789  
Cash Collateral received for securities lending ..... \$500,913,475  
**Total assets ..... \$3,588,613,127**  
Payable for collateral received for securities lending ..... \$500,913,475  
Payable for purchase of investments ..... \$301,117,142  
Accounts payable and accrued expenses ..... \$3,281,612  
**Total liabilities..... \$805,312,229**  
**Net assets..... \$2,783,300,898**

### Investment managers

Barclays Global Investors, San Francisco, CA  
Bank of New York, London, UK  
Brandywine Global Investment Management, Philadelphia, PA  
Bridgewater Associates, Westport, CT  
The Clifton Group, Minneapolis, MN  
Cohen & Steers Capital Management, New York, NY  
Deephaven Capital Management, Minnetonka, MN  
DePrince, Race & Zollo, Winterpark, FL  
Deerfield Capital Management, Chicago, IL  
Enhanced Investment Technologies (INTECH), Palm Beach Gardens, FL  
First Quadrant Partners, Pasadena, CA  
FrontPoint Partners, Greenwich, CT  
Highbridge Capital Management, New York, NY  
JP Morgan Investment Management, New York, NY  
Julius Baer Investment Management, New York, NY  
LSV Asset Management, Chicago, IL  
MacKay Shields LLC, New York, NY  
Marathon Asset Management, London, UK  
PIMCO, Newport Beach, CA  
Post Advisory Group LLC, Los Angeles, CA  
Pzena Investment Management, New York, NY  
Sands Capital Management, Arlington, VA  
Shenkman Capital Management, New York, NY  
Standish Mellon Asset Management, Pittsburgh, PA  
Trust Company of the West, Los Angeles, CA  
Wanger Asset Management, Chicago, IL

## Uniformed Retirement System

Active Membership (6/30/07) ..... **2,003**

### Income and Expenditures for FY 2007

Contributions  
Plan members..... \$9,988,515  
Employer ..... \$36,486,832  
**Total..... \$46,475,347**

### Investment income

From investment activities ..... \$171,975,157  
From securities lending activities ..... \$4,957,145  
**Total..... \$176,932,302**

### Less: investment-related expense

Investment management fees ..... \$4,580,569  
Securities lending ..... \$4,705,042  
Banking services and other..... \$405,763 (9,691,374)  
Net investment income ..... \$167,240,928  
**Total additions ..... \$213,716,275**

### Deductions

Regular service benefits ..... \$39,729,752  
Disability benefits..... \$6,978,759  
Survivor benefits..... \$485,965  
Refunds and other expenses ..... \$1,158,896  
**Total deductions ..... \$48,353,372**  
**Net increase for the year..... \$165,362,903**

### Net assets held in trust for pension benefits

As of July 1, 2006..... \$942,648,273  
As of June 30, 2007 ..... \$1,108,011,176

### Assets at Market Value (as of June 30, 2007)

Equities..... \$310,935,472  
Fixed Income ..... \$244,428,440  
Mutual Funds and Pooled Trusts..... \$534,280,543  
Short-term investments/Accruals/Cash ..... \$55,510,344  
Equity in County's Pooled Cash..... \$4,019,370  
Receivable from sale of investments ..... \$55,482,442  
Cash Collateral received for securities lending ..... \$106,896,663  
**Total assets ..... \$1,311,553,274**  
Payable for collateral received for securities lending ..... \$106,896,663  
Payable for purchase of investments ..... \$95,242,640  
Accounts payable and accrued expenses ..... \$1,402,795  
**Total liabilities..... \$203,542,098**  
**Net assets..... \$1,108,011,176**

### Investment managers

Acadian Asset Management, Boston, MA  
Barclays Global Investors, San Francisco, CA  
The Boston Company, Boston, MA  
Brandywine Global Investment Management, Philadelphia, PA  
Bridgewater Associates, Westport, CT  
Cohen & Steers Capital Management, New York, NY  
Dorset Energy Fund, Hamilton, Bermuda  
FrontPoint Partners, Greenwich, CT  
HarbourVest Partners, LLC, Boston, MA  
J.L. Kaplan Associates, Boston, MA  
JP Morgan Investment Management, New York, NY  
Julius Baer Investment Management, New York, NY  
Marathon Asset Management, London, England  
OrbiMed Healthcare Fund Management, New York, NY  
Pantheon Ventures, Inc., San Francisco, CA  
Payden & Rygel Investment Counsel, Los Angeles, CA  
PIMCO, Newport Beach, CA  
Standish Mellon Asset Management, Pittsburgh, PA  
Trust Company of the West, Los Angeles, CA  
UBS Realty Advisors LLC, Hartford, CT  
Wasatch Advisors, Salt Lake City, UT

## Police Officers Retirement System

Active Membership (6/30/07) ..... **1,406**

### Income and Expenditures for FY 2007

Contributions	
Plan members.....	\$11,796,129
Employer .....	\$19,222,753
<b>Total .....</b>	<b>\$31,018,882</b>

### Investment income

From investment activities .....	\$142,177,009
From securities lending activities .....	\$5,156,427
<b>Total .....</b>	<b>\$147,333,436</b>

### Less: investment-related expense

Investment management fees .....	\$3,413,991
Securities lending .....	\$4,882,889
Banking services and other.....	\$377,348
	(8,674,228)
Net investment income .....	\$138,659,208
<b>Total additions .....</b>	<b>\$169,678,090</b>

### Deductions

Regular service benefits .....	\$34,077,659
Disability benefits .....	\$1,318,451
Survivor benefits.....	\$1,914,638
Refunds and other expenses .....	\$864,659
<b>Total deductions .....</b>	<b>\$38,175,407</b>
<b>Net increase for the year.....</b>	<b>\$131,502,683</b>

### Net assets held in trust for pension benefits

As of July 1, 2006 .....	\$800,424,526
As of June 30, 2007 .....	\$931,927,209

### Assets at Market Value (as of June 30, 2007)

Equities .....	\$347,160,001
Fixed Income .....	\$222,895,805
Mutual Funds and Pooled Trusts.....	\$331,568,758
Short-term investments/Accruals/Cash .....	\$38,362,453
Equity in County's Pooled Cash .....	\$1,611,919
Receivable from sale of investments .....	\$3,579,964
Cash Collateral received for securities lending .....	\$105,999,745
<b>Total assets .....</b>	<b>\$1,051,178,645</b>

Payable for collateral received for securities lending .....	\$105,999,745
Payable for purchase of investments .....	\$12,258,373
Accounts payable and accrued expenses .....	\$993,318
<b>Total liabilities.....</b>	<b>\$119,251,436</b>

**Net assets.....** **\$931,927,209**

### Investment managers

Acadian Asset Management, Boston, MA  
 Cohen & Steers Capital Management, New York, NY  
 Dodge & Cox Investment Managers, San Francisco, CA  
 FrontPoint Partners, Greenwich, CT  
 Grantham Mayo Van Otterloo & Co, Boston, MA  
 JANUS Capital Management, Denver, CO  
 Mariner Investment Group, Boston, MA  
 McKinley Capital Management, Anchorage, AK  
 PIMCO, Newport Beach, CA  
 Pzena Investment Management, New York, NY  
 Standish Mellon Asset Management, Pittsburgh, PA  
 Systematic Financial Management, Teaneck, NJ  
 Trust Company of the West, Los Angeles, CA  
 Veredus Asset Management, Louisville, KY

# State of the County RETIREMENT SYSTEMS

The following letter was written by **Ed Long**, Deputy County Executive, to Fairfax County employees in response to concerns raised in the community by recent publicity on Public Pension Funds in the national news media.

Following the May 11, 2008 Washington Post article on pension deficits for public workers and contrary to the described "perfect storm" of under funded retirement systems, I can reassure the community that the Fairfax County retirement systems are well funded and based on sound actuarial assumptions. Fairfax County also has a well-structured plan in place to address the liabilities associated with our other post-employment benefits (OPEB).

This should be reassuring not only to over 12,000 current county employees and thousands of retirees, but also to the community who benefit daily from the hard work of police officers, firefighters, social workers and other Fairfax County staff. We routinely conduct detailed actuarial studies to ensure that all of our assumptions reflect actual experience and future expectations. Our actuarial firm has an excellent national reputation for accuracy and integrity.

The Fairfax County Board of Supervisors has always responsibly funded its pension plans and as a result, our retirement systems are very healthy, soundly invested and fully capable of meeting future benefit obligations. This attention to public pensions was seen in April, 2008, when during the very challenging budget climate, Fairfax County set aside millions of dollars for our trust fund that will cover the county's actuarial liabilities.

Despite many competing county needs that also deserve funding, Fairfax County is effectively addressing its pension and OPEB liabilities by carefully overseeing its benefit plans for retirees, adhering to conservative, time-tested actuarial assumptions and engaging in highly successful long-term investment strategies.

Fairfax County continues to be one of the best-managed jurisdictions in the country because of its sound accounting practices and dedication to the maintenance of pension funds. This is good news for current and future county taxpayers since it spares them from having to reach into their own pockets to pay a very large bill.

Sincerely,  
 Edward L. Long, Jr.  
 Deputy County Executive  
 Fairfax County Government ★

# Retiree Workshops offered in **FAIRFAX COUNTY**

*Fairfax County Human Resources, in partnership with the Retirement Administration Agency, has implemented a pilot program designed to offer retirees a variety of educational, informative topics of interest to older adults.*

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## Managing Your Income in Retirement

September 8, 2008



10:00am - 11:30am

This program examines key concepts that everyone should master when faced with managing their income during retirement - starting with expenses. Other topics explored are utilizing your sources of income including pension, Social Security and other accounts to establish an effective withdrawal strategy. Portfolio management during the 'Golden Years' stage of life will also be discussed.

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## Putting Your Estate in Order

September 8, 2008

1:00pm - 2:30pm

Estate planning is often treated as one of those subjects that most people prefer to avoid altogether. However, virtually everybody needs to do some planning regardless of their estate's size. This workshop will help you understand the basic steps you should take to put your estate in order -- and ensure that your wishes are carried out.



*Please be aware that participation levels in each of these workshops will determine whether future programs will be offered, and what the subject matter of the workshops would encompass.*

Sign up for one or both workshops  
by calling the Retirement Agency at 703-279-8227

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Seating is limited, so participation will be limited to the first 50 registrations

*Both workshops are sponsored by Human Resources and will be held at the Fairfax County Government Center at 12000 Government Center Parkway, Fairfax, VA 22035 on Monday, September 8th in Conference Rooms 9 & 10* ★

# RETIREE Report

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Fairfax County Retirement Administration Agency  
*Designed for County Government & County School Retirees*

S U M M E R , 2 0 0 8

Fairfax County  
Retirement Administration Agency  
10680 Main Street, Suite 280  
Fairfax, Virginia 22030

[www.fairfaxcounty.gov/retirement/](http://www.fairfaxcounty.gov/retirement/)

## Service-Connected Disability Benefits

### ENHANCED

*Effective July, 2008*

Service-connected disability benefits for retired members of the Employees' and Uniformed Retirement Systems have been enhanced effective July, 2008. This enhancement reduces the Social Security offset (a deduction) from 40%, of the Social Security benefit for which you are eligible, to 30% of that amount.

This change applies to payments beginning with July, 2008 and affects both future retirees and those already retired.

Please be aware that once Service-connected disabled retirees become eligible for Social Security benefits, or once they reach age 62, their retirement benefit will be reduced by 30% of the amount of any primary Social Security disability benefits to which they become entitled. ★



## Public Safety Retirees

### UPDATE -- PLEASE TAKE NOTE!

As mentioned in the Winter, 2008 Retiree Report, due to the passage of the Pension Protection Act 2006, eligible retired public safety officers can exclude up to \$3,000 annually from income distributions made from their eligible retirement plan to pay for their health premiums.

Beginning July 14, 2008, the four Fairfax County deferred compensation providers are prepared to process the public safety officer qualified health insurance premium payment requests. Eligible retirees interested in utilizing this provision can request the form from their deferred compensation provider. (Retired public safety officers covered in a FCG health plan can obtain the same favorable tax break when they file their federal taxes each year. Therefore, they do not need to request a distribution from the 457 plan to receive this favorable tax break.) ★