

**Retirement Benefits for
Domestic Partners**

In 2003, the California State Legislature enacted the California Domestic Partner Rights and Responsibilities Act of 2003 (A.B. 205). This legislation extends the rights and duties of marriage to couples registered as domestic partners with the State of California on and after January 1, 2005.

Currently, both the Federated and Police & Fire Retirement Boards are taking steps to administer the changes to the City's retirement plans. Because neither of the Plans provide for the benefits required by A.B. 205, the Municipal Code must be amended before Retirement Services can fully administer benefits under the new law.

Retirement Services will continue to provide information as things progress. In the meantime, if you have any questions regarding this matter, please contact Retirement Services at 1-800-732-6477 or 1 (408) 392-6700.

Federated Recognizes All Legal Marriages

The Federated retirement system recognizes all marriages that are legal in the jurisdiction where the marriage took place. If you are an active Federated member and you would like to notify Retirement Services of your marriage, please forward a written notice along with a copy of your government-certified Certificate of Marriage to:

Retirement Services Department
1737 North First Street, Suite 580
San Jose, CA 95112

We will place a copy of your certificate on file and update our records with your spouses' information. This information will be verified again at the time of your retirement.

Please Note: Retirement Services can only accept marriage certificates that are issued by government agencies and authenticated with the agency's stamped logo or seal.

If you were married at the time you retired and did not report your marriage to Retirement Services, please contact us at 1-800-732-6477 or 1-408-392-6700.

Cost-of-Living Adjustments (COLA)

The Federated City Employees' Retirement System provides a COLA adjustment to pension benefits payment every April 1st. To determine the adjustment, Retirement Staff uses the percentage increase or decrease between the current and prior year's December consumer Price Index (CPI). The CPI used is for the *All Urban Consumers in the San Francisco-Oakland Metropolitan Area* region with a base of 1967=100. This data is published by the U.S. Department of Labor's Bureau of Labor Statistics and can be found on the internet at www.bls.gov/home.htm. Below is the detail calculation of the current year's COLA adjustment.

December 2004 CPI	613.3
December 2003 CPI	600.5
Difference	12.8
COLA Increase (12.8/ 600.5)	2.1%

Based on the above calculation, the COLA adjustment for current year is 2.1% for retirees who retired on or before March 31, 2004. For retirees who have a COLA balance that has carried over from prior years, the increase may be up to a maximum of 3% for the current year.

The Police and Fire Department Retirement Plan provide an annual COLA of a flat rate of 3% to retirees and survivors on every February 1st.



**Retirement Planning Brown Bags-
Don't Miss Your Opportunities
to Stay Financially Informed!**

Retirement Services contracts with Financial Knowledge Network (FKN) to present a number of our Brown Bag classes. FKN is a leading provider of financial education courses and brings a wealth of information structured to help employees and retirees plan for their financial futures. Their classes include tax and estate planning, home buying/selling, and reverse mortgages, to name a few. FKN does not sell products or services, nor do they refer services. Their classes are presented exclusively for your benefit.

Financial Knowledge Network (FKN) is accredited through the International Association for Continuing Education and Training (IACET). Individuals may earn CEU credits for successful completion of an assessment test. These tests can be taken online after attending any Financial Knowledge course.

FKN instructors have experience in the financial services industry with backgrounds in banking, brokerage, mortgage lending, insurance, and financial planning firms. Many have teaching experience as adjunct faculty members with institutions of higher education.

In addition to a college degree, many of the instructors maintain a Certified Financial Planner (CFP) credential. All instructors are required to meet annual continuing education requirements in the financial planning field.

The Brown Bags are scheduled throughout the year, free of charge to all Federated and Police & Fire members. We encourage you to take advantage of the expertise Financial Knowledge Network instructors have to offer. By staying informed, we hope you will be able to build a financial and retirement planning strategy that will help you secure the retirement of your dreams.

Registration fliers are distributed with payroll for active employees. For local retirees, fliers are mailed on a quarterly basis. If you have questions, please contact Karin Carmichael at (408) 392-6712 or karin.carmichael@sanjoseca.gov.

Coming to the Web!

As part of our continuing effort to provide a more robust website, in April, retirees will be able to access their 1999 through 2004, 1099s on the web. Next year, 1099s will be available on the web even before you receive them in the mail! To get there, go to www.sjretirement.com, access your private account and click the "1099" button on the left side bar.



Medicare Prescription Benefit (PartD)

Medicare Part D is Medicare's prescription drug component that is scheduled to go into effect on January 1, 2006. Recently, the Centers for Medicare & Medicaid Services (CMS) released final regulations for the Medicare Prescription Drug, Improvement and Modernization Act (MMA) of 2003.

This new Federal program was designed to encourage employers to provide prescription drug benefits to Medicare-eligible retirees that are equal to or greater than those offered under the Medicare Part D plan. Employers who provide such coverage will be eligible to receive a subsidy, if they meet certain criteria.

At present, Retirement Services, Employee Services, the City's Broker, and the City's health plan carriers are working to identify what the new Medicare Part D regulations and subsidies will mean to retirees. It is still uncertain to what extent the City will be eligible for the employer subsidy. This issue will be discussed more in coming months as the City's role becomes clearer.

At this time, Medicare-eligible retirees are not required to take any action. Retirement Services' staff will keep you informed as things evolve. We should have more concrete information regarding Medicare Part D by early June.



Investment Update

Federated:

Market value of the Fund as of December 31, 2004 was \$1.5 billion. Fund performance as of December 31, 2004:

(Annualized)	1 Year	3 Years	5 Years
Federated Fund	11.39%	10.00%	6.31%
Custom Benchmark*	11.47%	8.38%	4.52%
TUCS Median Public Fund**	11.63%	7.31%	3.68%

Police and Fire:

Market value of the Fund as of December 31, 2004 was \$2.1 billion. Fund performance as of December 31, 2004:

(Annualized)	1 Year	3 Years	5 Years
Police and Fire Fund	12.60%	9.70%	6.30%
Custom Benchmark*	11.30%	8.00%	4.70%
TUCS Median Public Fund**	11.60%	7.30%	3.70%

* - Custom Benchmark is how the fund should perform based on their asset allocation

** - TUCS stands for Trust Universe Comparison Service