



## KCERA & the Current Financial Downturn

The past year has witnessed one of the worst downturns in U.S. investment history. What does it mean for KCERA and your pension?

Beginning with the subprime meltdown in late 2007, the investment world has been battered by one financial squall after another: record foreclosure rates, the bankruptcy of Lehman Brothers, a massive bailout of insurer AIG, the collapse of premier investment houses, the largest bank failure in U.S. history, a \$700 billion relief package for the financial industry, and so on.

Each dramatic event compounded the anxiety permeating throughout the investment community, resulting in volatile stock markets around the globe. As an institutional investor, KCERA has ridden the ups and downs of the market in recent months. Understandably, many of our members are worried about the solvency of KCERA and their pensions. They want to know if their retirements are now at risk. The answer, in a word, is *no*.

### The Impact on You

Like all other county plans, the KCERA fund has decreased in value over the past year, and our investments may continue to suffer in the near term. How will this uncertain investment climate affect you?

Retired KCERA members will continue to receive their full benefits as well as any non-vested SRBR allowances that apply to them. KCERA retains sufficient funds to pay the pensions of all retirees and their beneficiaries for life.

Active KCERA members will see their contribution rates increase in the next fiscal year due to actuarial assumption changes. (Watch for more information on this topic in the April 2009 issue.) Retirement law also obligates your employer to pay additional contributions to help maintain funding stability in difficult times.

In this way, employee and employer contributions act as a buffer against market downturns.

### Why Not to Worry

KCERA is a defined benefit plan that *guarantees* retirement benefits to its eligible members. This is the “pension promise” that your employer has agreed to honor. Moreover, your benefits are based on a formula, not your contributions. Nor are your benefits dependent on how the stock market performs.

Additionally, KCERA’s investment policy assumes periods of poor performance. The goal of the Retirement Board is to realize a set rate of return *over the long term*. So, there will be years like 2004 to 2007, when the Fund had double-digit investment returns. These gains help to offset losses in years like 2001, 2002 and 2008,

(continued on page 3)

### In This Issue

- Page 1** KCERA & the Current Financial Downturn
- Page 2** Welcome New Trustee  
Frequently Asked Questions
- Page 3** The Gift that Gives When You’re Gone  
Retirees’ Corner
- Page 4** Sign Up for Retirement Seminar



1115 Truxtun Ave., 1st Floor  
Bakersfield, CA 93301  
661.868.3790 ph  
661.868.3779 fax  
www.kcera.org

# Welcome New Trustee

KCERA is delighted to welcome John Mainland to the Board of Retirement as its fifth member.



Mr. Mainland was appointed by the Board of Supervisors for the remainder of a three-year term ending December

31, 2010. As a trustee, he will help the Board oversee KCERA's operations, investments and disbursement of funds.

Mr. Mainland comes to the Retirement Board with a wealth of technical and managerial experience.

Throughout his 32-year career, he held sales, operations, consulting and management positions in the engineering industry. His previous employers include Pameco Air, Kern Refrigeration, Yamas Controls, PG&E and Bedard Controls. Mr. Mainland is a U.S. Navy veteran and holds a business management degree from the University of Phoenix.

KCERA's new Board member has belonged to numerous industry and community associations, such as the Association of Energy Engineers, Refrigeration Engineer Technician Association and American Society of Architects. He sat as a Board member on the Refrigeration Service Engineers Society and is a lifetime member of the California Grand Jurors Association. Since retiring in 2002, Mr. Mainland has served on the Kern County Grand Jury for three years, including two as foreman.

*"I believe positive change begins one person at a time ..."*

"I believe positive change begins one person at a time as citizens

get involved in their government," said Mr. Mainland. "Being part of the Board of Retirement is my way of giving back, of being involved in something important."

Please join KCERA and the Board in welcoming Mr. Mainland.



## UPCOMING EVENTS & IMPORTANT DATES

### Member Statement Mailing

February

### Investment Board Meetings

January 14  
February 11  
March 11

### Regular Board Meetings

January 28  
February 25  
March 25

### Benefit Payment Mailings

January 26  
February 23  
March 25

### Retirement Planning Seminar

Thursday, June 18, 2009

*The Board of Retirement meets at 1115 Truxtun Ave. in the multi-purpose room located on the third floor.*

## Frequently Asked Questions

**Q:** What information is used to prepare my retirement benefit estimate?

**A:** When KCERA processes your *Benefit Estimate Request* form, our pension software uses the most current data on file, including your name, birth date, membership sta-

tus, KCERA entry date and beneficiary designation. We also use the estimated retirement date *you* provided on the request form to project your total years of service at retirement. If you've purchased other service credit, that time will be noted on the estimate, too.

KCERA does *not* project salary increases. Our system uses your 12 highest, consecutive months of compensation as of the date your estimate is processed. However, you can generate your own estimated benefit amount using the Online Benefit Estimator at [kcera.org](http://kcera.org).

## Financial Downturn *(continued from page 1)*

when the Fund experienced negative growth. Ultimately, year-to-year performance is secondary to the long-range focus of the Plan.

Lastly, only a portion of benefits is payable each year. The full “bill”—the total liabilities of the system for all members—does not come due this year, next year or even 30 years from now. Each year accrues its own costs, and KCERA can fund all annual expenses with the help of its contributions base.

### **In Closing**

The market downturn of 2008-09 has been a normal (albeit severe) event in the 64-year history of KCERA. Despite short-term losses, KCERA will maintain its long-term investment outlook while continuing to provide quality service to its members.

This is not just our mission at KCERA. It is our commitment to each member. And you can take that to the bank.

## The Gift that Gives When You're Gone

Although no one knows the date of their death, as a KCERA member you can ensure your loved one is provided for after you are gone.

KCERA offers survivorship benefits to the eligible beneficiaries of deceased active and retired members. These benefits can take various forms, all of which will give the gift of income to those you leave behind.

To receive KCERA's survivorship benefits, the recipient must be named as your primary beneficiary on a *Beneficiary Designation* form. You should designate an eligible spouse or registered domestic partner, if you have one, because California law grants these individuals priority when receiving death benefits. A member without a spouse or partner can designate anyone with an “insurable interest” in their life (e.g., children).

If you are still working with *less than five years* of service at the time of your death, your designated beneficiary may be eligible to receive a refund of your contribution balance and up to six months of your compensation. If you are still working but have *five or more years* of service, your beneficiary may have the alternative option of receiving a small monthly pension, payable for life. For retired members who die, the spouse or partner may be eligible for a monthly continuance in addition to a \$3,000 death benefit.

Do not miss the opportunity to provide the gift of income to your loved one after your death. Please complete a *Beneficiary Designation* form if you are unsure about who is named as your beneficiary or if your beneficiary information has changed recently. Forms are available in the KCERA office and at [www.kcera.org](http://www.kcera.org).

## RETIREES' CORNER

### *Form 1099-R Coming*

Northern Trust will mail Form 1099-R tax reporting forms to you by the end of January. This important tax document provides information about income taxes withheld from your monthly KCERA benefit payments. Please keep your Form 1099-R with other important tax documents. If your benefits are not subject to federal and state income taxes, you will not receive the form.

### *Change of Address*

Has your address changed recently? To avoid delays in receiving your Form 1099-R, contact KCERA immediately to update your mailing address.

For your protection, all address changes must be submitted in writing. You may send KCERA a letter to change your address, or you can download a *Change of Address* form at [www.kcera.org](http://www.kcera.org).

## BOARD OF RETIREMENT

Brad Barnes, *Chair*

Joseph Hughes, *Vice-Chair*

Norman Briggs

Jackie Denney

Jeff Frapwell

Robert Jefferson

Mike Maggard

John Mainland

Mark Ratekin

Bart Camps, *Alt.*

Phil Franey, *Alt.*

# Sign Up for Retirement Seminar

Use this form to reserve a seat at the next retirement planning seminar.

Name		SSN (Last 4 Numbers)	
Address			
City		State	Zip Code
Home Phone	Work Phone	Dept. Name/Number	
Please add my name to the reservation list for the retirement planning seminar to be held:			
<input type="checkbox"/> June 18, 2009		<input type="checkbox"/> December 2009	
Mail reservation form to: KCERA 1115 Truxtun Avenue Bakersfield, CA 93301	You can also e-mail your reservation to servicerep@kcera.org or fax your reservation to (661) 868-3779.	Retirement planning seminars are designed for members within <i>five years</i> of retirement. Attendance at seminars is limited to about 130 people. Make your reservations early to ensure a seat at the next seminar.	

---