



# Retirement Chronicles

*News Today About Your Tomorrows*

July 2003

Quarterly Newsletter

## Reader Feedback

You may reach us at:

KCERA  
 1115 Truxtun Ave. 1st Floor  
 Bakersfield CA 93301  
 Attn: Newsletter Editor

E-mail: Editor@kcera.org  
 Fax: (661) 868-3779

## Upcoming Events

Retirement Planning Seminar  
 December 4, 2003

Retirement Board Meetings  
 Investment Board  
 2nd Wed. of each month

Regular Board  
 4th Wed. of each month



*“Don’t simply retire from something; have something to retire to.”*

*Harry Emerson Fosdick*

## Death and Survivor Benefits

Our own mortality is not something that we like to dwell on. However, when it comes to retirement benefits, it is important to plan ahead and to be aware of what benefit options are available for your survivors.

The benefits available to your beneficiaries will vary depending upon whether you are an active, deferred, or retired member. Further, the circumstances of your death, whether job-related or non-job related, will determine whether additional benefits are available to your survivors.

### Active Member

If you pass away before retirement while actively employed, your surviving spouse may choose from the following three options:

#### Option 1 - Basic Death Benefit

A lump sum “death benefit” payment equal to one month’s salary for each year of service, not to exceed a total of six months salary, plus a refund of all the member’s contributions and interest.

#### Option 2 - Monthly Allowance Benefit

A lifetime monthly payment equal to 60% of the pension amount the member would have received if the member had been retired on a Non-service Connected Disability pension prior to death. If the member’s death was job related, the continuance will be 100% of the amount the member would have received had the member retired on a Service-Connected Disability.

#### Option 3 - Alternative Lump Sum Benefit

A lump sum “death benefit” payment equal to one month’s salary for each year of service not to exceed a total of six months salary, and a monthly pension continuance for life at a rate slightly less than the amount described in Option 2 above.

If you have no surviving spouse but you do have minor children, Options 1 and 2 are available to the guardian of your minor children.

If you have no surviving spouse or minor children, your named beneficiary is

**See “Survivor Benefits,” Continued on Page 2**

Kern County Employees’ Retirement Association  
 1115 Truxtun Avenue, 1st Floor, Bakersfield California 93301  
 (661) 868-3790 Fax (661) 868-3779  
 (800) 548-0738 - In California (800) 735-2929 - TTY Relay  
 www.kcera.org E-mail - servicerep@kcera.org

Board Members:  
 Sharon E. Lesser, Chairman Phil Franey  
 Tony Plante, Vice Chairman Ethelyn L. Looy  
 Sharon Clark Barbara Patrick  
 John De Mario Tony Plante  
 Brent Dezember Michael Bradley, Alternate  
 Claude D. Fiddler Lois Maujer, Alternate

## In This Issue

|                                   |   |
|-----------------------------------|---|
| Reader Feedback                   | 1 |
| Upcoming Events                   | 1 |
| Death and Survivor Benefits       | 1 |
| FAQ’s                             | 2 |
| KCERA’s Interest Crediting Policy | 2 |
| Sign Up for Retirement Seminar    | 3 |
| Of Interest to Our Retirees       | 3 |
| NEWS FLASHES!                     | 4 |

## FAQ's

### Q. Can my spouse or beneficiary conduct retirement business for me if I become incapacitated?

A. No one can conduct confidential retirement business for you without your express permission. Therefore, if you are incapacitated, your spouse or beneficiary must provide KCERA with a Durable Power of Attorney showing that he or she has been appointed as your Attorney-in-Fact to conduct confidential retirement business on your behalf.

It is important to note that all Powers of Attorney are not created equal. A Durable Power of Attorney contains a clause stating that the person you designate as your Attorney-in-Fact may continue to act on your behalf *even if* you become incapacitated and unable to handle your affairs. A General Power of Attorney does not contain a durable clause. Without the durable clause, a General Power of Attorney automatically terminates if you become incapacitated.

If you become incapacitated and you have not already completed a Durable Power of Attorney naming an Attorney-in-Fact, it will be necessary for your spouse or beneficiary to seek conservatorship before he or she will be allowed to conduct confidential retirement business on your behalf.

Please note that KCERA staff cannot provide legal advice. Therefore, you may wish to consult your attorney about the advantages of a Durable Power of Attorney.



eligible to receive Option 1 only.

### Emergency Retirement

If you become ill or disabled while actively employed and death is imminent, please contact the KCERA office immediately for information about applying for emergency retirement. Your spouse or named beneficiary may be eligible to receive a higher benefit if you apply for retirement before your death.

### Deferred Member - No Reciprocity

If you pass away while on deferred status, your named beneficiary will receive a lump sum payment of your accumulated contributions plus interest.

### Deferred Member with Reciprocity

If you pass away while employed with a reciprocal retirement agency, your named beneficiary may be eligible for benefits from your current employer's retirement plan. Additionally, your beneficiary may be eligible for benefits from KCERA as well. Your beneficiary should contact all plans with which you have reciprocity for information about death benefits.

### Retired Member

If you pass away after retirement, your named beneficiary may be eligible to receive a one-time lump sum death benefit of \$1,000. This amount will be paid in addition to any monthly continuance that may be owed as a result of the retirement allowance option that you chose at retirement.

### Additional Information

Educating yourself and your beneficiaries about your retirement benefits does not stop with just knowing what benefits are available. It's also important to know what documents your beneficiaries will need at the time of your death. Your beneficiaries will need to provide the following documents to the KCERA:

- ◆ Death Benefit Election Form (Obtain from KCERA)
- ◆ Certified Death Certificate
- ◆ Beneficiary's Certified Birth Certificate
- ◆ Marriage License if Beneficiary is your spouse
- ◆ Guardianship papers if Beneficiary is a minor child

Most importantly, your beneficiaries need to contact the KCERA office as soon as possible after your death so that a Service Representative can explain the process of applying for and receiving death benefits.

If you have any questions about the information provided here, please contact the KCERA office to speak with a Service Representative.



## KCERA's Interest Crediting Policy

Investment news continues to be bleak with many funds realizing low or negative returns on investments. Your KCERA Board of Retirement has adopted a policy to address the posting of interest to accounts, including member accounts and all contingency funds. This policy establishes a negative contingency fund for dealing with interim negative returns on our investments such as we are now experiencing.

However, please rest assured that your retirement benefits are safe. KCERA's funds are invested for the long term, meaning that recent low or negative returns are

See “Interest,” Continued on Page 3

“Interest,” Continued from Page 2  
 unlikely to hurt the overall ability of the plan to pay your retirement benefits. In the short term, though, KCERA will address continuing negative returns by posting no interest to member accounts for the six-month period ending June 30.

The zero interest posted during this period should not adversely affect you as a KCERA member. The reason is that KCERA is a defined benefit plan, meaning that your retirement benefits will be paid based on three factors: your total retirement service credit, your age at retirement, and your final average monthly compensation based on your highest twelve consecutive months of earnings. *Your retirement contributions and interest play absolutely no part in how your benefits will be computed.*

So, while zero interest is certainly not desirable, your future retirement benefits are, and will continue to be, secure.



## Sign Up for Retirement Seminar

Use this form to place your name on a reservation list for the next Retirement Planning Seminar.

|   |            |   |     |
|---|------------|---|-----|
| Name  |            | SSN   |     |
| Address   |            |   |     |
| City  |            | State   | Zip |
| Home Phone  | Work Phone | Dept. Number  |     |
| Please add my name to the reservation list for the Retirement Planning Seminar to be held:  |            |   |     |
| <input type="checkbox"/> December 4, 2003   |            |   |     |
| <input type="checkbox"/> May 2004   |            |   |     |
| My estimated retirement date is _____.  |            |   |     |
| Mail this form to:<br>KCERA<br>1115 Truxtun Ave.<br>Bakersfield CA 93301  |            | Retirement Planning Seminars are designed for those members who are within five years of retirement. Attendance at the seminars is limited to approximately 125 people. Make your reservation early to preserve a spot at the next seminar. |     |
| You may also e-mail your reservation to <a href="mailto:servicerep@kcera.org">servicerep@kcera.org</a> or fax your reservation to 661-868-3779. |            |   |     |

## Of Interest to Our Retirees

### SRBR 3

One of the supplemental benefits provided to our retirees and beneficiaries is 80% purchasing power protection. KCERA annually reviews the monthly benefit paid to each of our retirees and beneficiaries to ascertain whether those benefits have lost purchasing power. If KCERA finds that your benefit has lost more than 20% purchasing power since your retirement, your monthly benefit will be increased to bring it back to 80% purchasing power. This program is known as Supplemental Retiree Benefit Reserve 3 (SRBR 3).

KCERA will soon complete SRBR 3 calculations for the 2002-03 fiscal year. Once calculations are complete, each retiree or beneficiary will receive a letter advising whether or not an increase in SRBR 3 benefits is due. Even if you do not receive an SRBR 3 benefit increase now, you will still be eligible for a Cost of Living Adjustment on April 1, 2004.

If you have any questions about SRBR 3, please contact the KCERA office to speak with a Service Representative.



### Benefit Payment Dates

Following are the mailing dates for benefit checks and payment advices for the last six months of 2003.

|            |            |
|------------|------------|
| 07/28/2003 | 10/28/2003 |
| 08/26/2003 | 11/24/2003 |
| 09/26/2003 | 12/26/2003 |

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
1115 Truxtun Avenue  
Bakersfield CA 93301-4639

Return Service Requested



**Will your loved ones know what to do if you pass away?  
See inside for information about death benefits.**

**Sign up for the next Retirement Planning Seminar.**

**Visit the KCERA web site at [www.kcera.org](http://www.kcera.org)  
to view recent updates.**