



Pension Software Project Enters *Final Stretch*

After a year of testing its new pension administration system, KCERA is nearing completion of the software project. Following an intensive, six-month, user-acceptance testing phase, KCERA and Toronto-based software provider CPAS Systems, Inc. have collaborated to produce an administration system that envelops nearly every pension-related process at KCERA, from new member enrollment to retiree payroll.

The CPAS system will replace a legacy product launched in 1999. Since then, numerous retirement codes, pension laws, benefit tiers and special scenarios were added that required frequent software updates. The legacy vendor decided to stop supporting its product, so KCERA was forced to limit its updates. When changes were made, staff spent long days testing the system to ensure existing functionality was not lost.

In 2008, the Board of Retirement issued a request for proposal and identified CPAS Systems, Inc. as the best overall software provider to meet KCERA's needs. CPAS was already working on similar projects with other California county retirement systems, so they had some familiarity with KCERA's operations. Staff

worked diligently with CPAS to define hundreds of business rules and situations unique to KCERA, which became the structure of the new system. After three years of re-scoping, negotiating and programming, the software was ready for staff to test. Entry validation testing began last winter for three months. Following a short break, testing restarted, leading into the six-month user-acceptance phase in the fall. Every division of KCERA—and almost every employee—have been involved in the project to some extent.

"I am proud of the KCERA team," said Assistant Executive Director Gloria Dominguez. "Staff has worked very hard and put in countless hours to ensure the CPAS system adequately supports the needs of KCERA and its members."

Though KCERA members may not see a difference in the services provided initially, they will eventually. Phase 1 of the CPAS project is expected to be fully implemented this summer. Phase 2 is scheduled to roll out in 2015 and will integrate the system with a new Member Web Portal that provides information to members in a user-friendly, password-protected format.

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Board Election Underway

As mentioned in the last edition of the *Retirement Chronicles*, KCERA is conducting a special election to fill two vacant seats on the Board of Retirement. Active and deferred *general* members will vote for Second Member candidates, and active and deferred *safety* members will vote for Alternate Seventh Member candidates.

Election Day is April 16, so please cast your vote! Ballots will be mailed to voting members on April 1.

Stay tuned for the results of this special election. KCERA will announce the winners at www.kcera.org and in the July edition of this newsletter.

WELCOME

NEW TRUSTEES

Please join KCERA in welcoming three new members to the Board of Retirement!



Rick Kratt

Rick Kratt was appointed in lieu of an election to fill the board's Seventh Member seat, with a three-year term ending December 31, 2015. He has served as a Kern County firefighter since 2000 and as a seasonal firefighter in 1999. Prior to this, he worked for the National Park Service as a wild land firefighter for the Arrowhead Hotshots in Sequoia Kings Canyon National Park.

Mr. Kratt is a member of the American Finance Association and was a past volunteer for USC Vita, assisting low-income and elderly citizens in completing their tax returns. He holds a bachelor's degree in business administration from CSU Bakersfield and a master's degree in finance from Golden Gate University. He is currently a graduate student at the University of Southern California, Marshall School of Business.

Gayland Smith was appointed as the board's Sixth Member, with a three-year term ending December 31, 2015. Mr. Smith joined the board following a distinguished career in accounting. From 1978 to 2001, he served as president of Gayland P. Smith Accountancy Corporation and later as secretary-treasurer and board trustee of the Marshall E. Helm Corporation. He is now a financial and business consultant.

Mr. Smith also serves as a board director for Kern Health Systems and as a member of the Kern County Treasury Oversight Committee. His past community service included membership on the Kern County Grand Jury, California Society of CPAs, Bakersfield Chapter of CPAs and Kern Community Foundation. He earned an accounting degree from CSU Fresno, and he is a certified public accountant (ret.), certified financial planner and personal financial planner.



Gayland Smith

David Couch was appointed as the board's Fourth Member to complete a term ending December 31, 2013. Mr. Couch was elected in 2012 as the Kern County Supervisor for District 4. From 1999 to 2012, he served as the Bakersfield City Councilmember for Ward 4 and as vice-mayor in 2003-04 and 2011-12.



David Couch

Mr. Couch worked in the financial services industry for more than 20 years. He served on the boards of several organizations, including the Mendiburu Magic Foundation, Boys & Girls Club and Youth for Christ. As a city councilmember, he also served on and presided over various committees and alliances. He earned a degree in business administration (accounting) from San Jose State University.

STATISTICAL YEAR-IN-REVIEW



The last calendar year continued a few statistical trends at KCERA, as illustrated in the table below.

Category	2012	2011	2010
Retirements	414	462	416
Active Members	8,358	8,255	8,377
Retirees/Beneficiaries	6,835	6,541	6,200
Total Members	16,242	15,873	15,686
Service Purchases via Payroll Deduction	38	52	62
Service Purchases via Lump Sum Payment	306	277	325

In 2012, KCERA added another 414 members to retiree payroll. Prior to “3% at 60” taking effect in 2005, the retirement volume was only 200 per year. From 2005 to 2008, the annual average rose to 353. Starting in 2009, the retirement rate has exceeded 400 each year.

Active membership rebounded in 2012, as hiring increased modestly. This employment trend is responsible for the growth in KCERA’s total membership last year, despite the high number of employees retiring from the workforce.

Another trend in 2012 was a continued decrease in the number of service credit purchases via payroll deduction. Now that deductions must be made on an after-tax basis, KCERA has seen a rise in lump-sum payments.

UPCOMING EVENTS

Board of Retirement Meetings

April 10
May 8
June 12

Investment/Regular Board meetings are scheduled on the second Wednesday of each month at 8:30 a.m.

The public is invited to attend. Board meeting agendas are available at www.kcera.org.

The Board of Retirement meets in the KCERA Board Room located at 11125 River Run Blvd. Bakersfield, California 93311.



Retiree News

(continued on next page)

2013 COLA

The annual cost-of-living adjustment (COLA) that KCERA retirees and beneficiaries are eligible to receive each April is based on the change in the region’s average Consumer Price Index (CPI) from the previous year—rounded to the nearest positive 0.5%. Last year’s change was reported as 2.0%. With their “COLA bank” reserves accrued from prior years, most retirees and beneficiaries will receive the full 2.5% COLA with their April 2013 payment. However, members who retired between April 2, 2006 and April 1, 2008, and after April 1, 2010 will receive a 2.0% COLA. **Visit www.kcera.org for more information.**

Redesigned Payment Remittances

Coming Soon

Be on the lookout for KCERA's new payment remittance, tentatively scheduled in June. The monthly statement will show your pension income, deductions, taxes, etc.

You will also notice that KCERA, not Northern Trust, is the new payer and that your payments are now issued via Wells Fargo Bank.

(See sample remittance on right.)

2070697
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KERN COUNTY EMPLOYEES' RETIREMENT ASSOC
11125 River Run Boulevard
Bakersfield CA 93311
United States

KCERA

JOHN A SMITH
128 MAIN ST
BAKERSFIELD CA 93301-0000

Pay Date: 10/31/2012
Period Ending: 10/31/2012
No. Fed Exempt: 0
No. State Exempt: 0
Tax W/E Status: N
Additional Fed W/E: 0.00
Payee ID Number: 6989

SPECIAL MESSAGE: Payment includes benefits from 10/01/2012 thru 10/31/2012

A 2.5 % Cost of Living Adjustment (COLA) is included in your April benefit payment. The COLA increase applies to annuity, pension, and previous COLA balances. Supplemental Retiree Benefit Reserve (SRBR) amounts do not receive a COLA.

Earnings			Deductions		
Description	Current	YTD	Description	Current	YTD
COLA	31.78	2,303.39	HELOC Ease	2.00	20.00
COLA	187.99	1,203.28	HELOC Surch	4.00	32.00
COLA 5	17.10	417.07	PCH	28.00	28.00
COLA 5	28.44	437.07	KC Health	35.00	350.00
Pension Benefit	1,105.10	11,050.00	Federal	327.33	2,347.77
Tier 1 Pension	1,891.17	19,211.00	State	87.88	367.21
SRBR	29.00	33.00			
Total Benefits	3,337.68	35,857.68	Total Deductions	456.18	2,132.98
Total Taxable Benefits	3,325.84	3,422.05	Net Amount	2,881.70	34,880.40

Advice Number: 2070697
Pay Date: 10/31/2012

Deposit to the account of:	Bank R/T Number	Account Number	Cur	Amount
JOHN A SMITH	123456789	XXXXXXXXXX095	USD	2,881.70

DEPOSIT ADVICE **NON-NEGOTIABLE**

This notice is to inform you that an attempt has been or will be made to send funds electronically to your bank account via ACH or Wire transfer. Receipt of this remittance advice is not confirmation of success or failure of this attempt. If you have any questions please contact our Fiscal Department at 661-381-7700.

ATTENTION RETIREES!

If you receive a notice from the Internal Revenue Service (IRS) inquiring about the coding of your Form 1099-R or seeking to adjust your return based upon the coding of your Form 1099-R, please contact the KCERA office at (661) 381-7700 or toll-free at (877) 733-6831.

Final Stretch

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KCERA requests your continued patience as staff completes the final phases of testing before system "go live" this summer. Certain member service requests may be delayed temporarily in the interim.

- Service purchase estimates for prior county time may take up to three months to complete (longer for prior public). Please submit requests only if you are committed to purchasing.
- Domestic Relations Order (divorce) benefit estimates may take two to three months. Please use KCERA's Online Benefit Estimator for normal retirement benefit estimates.
- Retirement counseling is reserved for members planning to retire in the next six months.
- Scheduling appointments in advance is *strongly* recommended.
- Returned phone calls may be delayed, particularly in April and May.

Good things are on the horizon at KCERA! We look forward to sharing them with you in the years ahead.

CONTACT US

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