



The Retirement Chronicles

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News & Views

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Getting to Know Your “FAC”

FAC is among the most important acronyms in pension math. It stands for *final average compensation* and, as the name suggests, represents the final pay used to calculate your retirement benefit from KCERA.

Three other factors—age at retirement, total years of service credit and benefit tier—also play a critical role in determining your benefit. They interact to produce a percentage that is applied to your FAC. For example, a General Tier II member who retires at age 65 with 20 years of service will earn a benefit of approximately 32% of her FAC. A Safety Tier II member who retires at age 55 with 20 years of service will earn a benefit of approximately 52% of his FAC.

Whatever percentage results from your unique combination of retirement age, service credit and benefit tier will be applied to your FAC, which consists of your base salary and “pensionable” special pays you have earned. Not all special pays are pensionable. Legacy members, who are not subject to the Public Employees’ Pension Reform Act of 2013 (PEPRA), have a list of pays that apply to them; PEPRA members* have their own list. Common exceptions for all members include overtime pay, cash reimbursements and accrual payouts.

For a full listing of pensionable pays according to PEPRA status, visit the “Benefit Tiers” webpage at www.kcera.org.

FAC Period

At your retirement, KCERA will scan your entire salary history to find your FAC. The FAC period for legacy members is the highest 12 consecutive months of *compensation earnable*. The FAC period for PEPRA members is the highest 36 consecutive months of *pensionable compensation*. Your FAC period may not necessarily be your last 12 or 36 months of employment, but typically it is because most people retire at the height of their earnings.

To receive the maximum benefit of a pensionable pay increase in your FAC (e.g., longevity pay, raise, etc.), you need to have earned it throughout your applicable FAC period. If you retire earlier, not all of the extra pay will be included in your FAC. You can be confident that KCERA performs a thorough audit to ensure you receive credit for all pensionable pays earned in your FAC period.

Social Security Integration

If your employer is integrated with Social Security, your FAC will be reduced by a “Social Security integration factor” of \$116.67. The county and most special districts are integrated: their retirees’ KCERA benefit and Social Security benefit *will not* offset one another. Please be aware of the \$116.67 reduction when reviewing your FAC.

* In general, PEPRA members are those who joined KCERA as “new members” on or after 1/1/2013.

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Buy Prior Service for a Higher Benefit

One of the factors KCERA uses to calculate your monthly retirement benefit is your total years of retirement service credit, which includes service you earned by working and service you purchased. The higher your total years of service, the higher your future pension. Therefore, if you have eligible prior service,* purchasing it is one way to enhance your future benefit.



Eligible purchases of service (POS) include county or district service you rendered prior to becoming a KCERA member, such as **Extra Help**, per-diem, temporary and part-time service. Other POS types are the **redeposit** of previously withdrawn contributions, the short **waiting period** before you entered KCERA, qualifying **layoff** time and unpaid **medical leave**.

A final type of POS is **prior public service**, which applies to any agency or department in the U.S. federal government or the State of California, any county or city in California, any other public employer situated within Kern County, the Local Agency Formation Commission (LAFCo) in Kern County, and active-duty military. You may purchase prior public service with KCERA only if you are *not* eligible to receive a pension (now or in the future) from your prior retirement system for that period of service.

To learn the cost of your service purchase, please complete the applicable certification form and submit it to KCERA. You can obtain a *Certification of Prior County/District Service* and a *Certification of Prior Public Service* at www.kcera.org on the “Forms” page. Ultimately, it is your responsibility to provide certification of prior employment. However, KCERA will assist you by forwarding your application to your former employer.

You have several POS payment options at your disposal: personal check, one-time vacation rollover, salary advance at retirement, payroll deductions, tax-deferred rollover, trustee-to-trustee transfer, or a combination thereof. For more information, visit KCERA’s “Purchasing Service Credit” webpage.

* KCERA members currently employed by the county are eligible to purchase prior service, but certain districts do not permit their employees to do so. Check with your employer to determine your eligibility.

FAQ:

What is KCERA’s “assumed investment rate of return”?

KCERA currently assumes its total portfolio will earn 7.25% per year, on average, over the life of the plan. It does not “recognize” investment returns all at once but instead “smooths” them over five years to level out year-to-year fluctuations in the market. This smoothing applies regardless of whether the returns in a given period are low (e.g., 2009) or high (e.g., 2011).

As factors such as wage growth, inflation and market returns have changed over time, the KCERA Board has adjusted the assumed rate of return, from a high of 9.5% in 1984 to 7.25% today. When the smoothed rate of return fails to reach the assumed rate, a corresponding dollar amount is added to KCERA’s unfunded liability to be paid off in future years.

Keeping Your Info SECURE

With online and telephonic scams so prevalent today, KCERA wants you to know why and how it may contact you by phone, email or mail. The list below includes examples of common reasons for a KCERA contact:

- We are responding to your inquiry.
- We are providing educational material.
- We require more information to complete your service request.
- We are informing you about your account or future benefits.

Every KCERA representative who intends to disclose private account information will first ask you to verify your identity by stating demographic and/or employ-

ment information that only you would know. In some cases, such as service requests that impact your account, KCERA may even require a copy of a valid driver's license to confirm your identity.

Because your account information is confidential, KCERA takes identity verification very seriously. If for any reason you feel uncomfortable sharing your personal information, you may contact the KCERA office at (661) 381-7700, Monday through Friday, from 8:00 a.m. to 5:00 p.m.

IMPORTANT: When you register for a Member Portal account via www.kcera.org, you must supply your Member Key and email address on file. These credentials were mailed to you in the spring. If you would like KCERA to provide the information again, please call KCERA and be prepared to answer identifying questions.

“ I just signed up for the portal.
Thank you for making it so easy to do.
I was apprehensive at first, but it was easy.
Congratulations on a good job!

– Kathleen, a new portal user

Join other KCERA members who have registered for the Member Portal and gained access to a wealth of retirement account information. *Sign up today at www.kcera.org!*

Your “FAC” *(Continued from page 1)*

Reciprocal FAC

If you are reciprocal to or from another public retirement system in California, both systems will use the *highest* FAC you earned in either agency when calculating your benefit. This may result in a larger benefit from the agency at which you earned a lower FAC. Shared reciprocal FAC is a key advantage of establishing reciprocity.

Active and deferred members – To obtain a benefit estimate that incorporates your current (or anticipated) FAC, log into your Member Portal account and click on “Run and View Benefit Estimates.” To register for a portal account, refer to the letter that KCERA recently mailed to you. If you do not have the letter, contact KCERA at (661) 381-7700 for registration instructions.

PLAN SPONSOR Spotlight

Kern Mosquito and Vector Control District

Established in 1916 pursuant to Sections 2023 and 2024 of the Health & Safety Code, Kern Mosquito and Vector Control District's primary objective is the progressive elimination of mosquito-breeding places by performing services of temporary relief control, establishing projects of source reduction and using abatement procedure methods. The district oversees a vast region that includes Bakersfield, Arvin, Lamont, Shafter, Wasco and Butonwillow.

The agency joined KCERA as a special district in 1963. Presently, it has 18 active members in KCERA.

West Side Mosquito and Vector Control District

West Side Mosquito and Vector Control District was formed in 1931 in accordance with Sections 2023 and 2024 of the Health & Safety Code. Covering nearly 1,500 square miles on the west side of Kern County (i.e., Derby Acres, Dustin Acres, Fellows, Lost Hills, Maricopa, McKittrick, Taft, Tupman and Valley Acres), the district is dedicated to the abatement of mosquitos to promote public health, safety and quality of life. Areas of focus include residential, agricultural, parks, water recharge basins and oil fields.

The agency joined KCERA as a special district in 1947. Presently, it has 9 active members in KCERA.



PRUDENT INVESTMENT • QUALITY SERVICE

Kern County Employees'

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