



# Retirement Chronicles

A quarterly publication of the Kern County Employees' Retirement Association

News & Views

July 2014

## Board of Retirement: Who, What & Why

The KCERA Board of Retirement is a nine-member board with two alternates. The board consists of the county's Treasurer-Tax Collector; four members appointed by the Board of Supervisors; and four members elected by the KCERA membership: two general, one safety and one retired.

Safety and retired members also elect one alternate each. Except for the Treasurer-Tax Collector, board members serve a three-year term with no limit on the number of terms that can be served.

### Board Responsibilities

The Board of Retirement is the exclusive governing and policy-making body of KCERA. Its primary mandate, as directed by law, is to provide KCERA members with the retirement benefits promised by their employers (KCERA's plan sponsors). A secondary, subordinate aim is to try to ensure level contributions for plan sponsors.

Guided by these directives, the board performs numerous functions, such as setting policy for the efficient operation of KCERA; adopting employer and employee contribution rates based on actuarial studies; controlling the investment of pension assets; selecting external professional service providers; hiring executive staff to lead KCERA; ruling on disability retirement applications; authorizing the disbursement of funds; and administering benefits effectively and lawfully.

### "Prudent Experts"

Board members are considered fiduciaries, or trustees, and are held to the "prudent expert" standard in managing KCERA funds. As fiduciaries, they are to "discharge their duties solely in the interest of, and for the exclusive purposes of, providing benefits to participants and their beneficiaries ...."

Furthermore, trustees must act "with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims."<sup>1</sup>

### Meetings

Board meetings are typically held on the second Wednesday of the month at 8:30 a.m. The board also holds separate meetings for its Administrative, Finance and Investment Committees, each consisting of four trustees and an alternate. These committees were formed to assist in the efficient administration of KCERA by making recommendations to the board. Committee meetings are held on an as-needed basis.

All meetings are open to the public and held in KCERA's boardroom. KCERA members are encouraged to attend. If you would like to address the board or committee for any reason, you may do so during the "Public Comments" segment of each meeting.

<sup>1</sup> California Government Code Section 31595

# Behind *Every Number* is a Member

KCERA's membership continues to grow. With more than 17,400 active, deferred and retired members, it is tempting to view our membership in terms of numbers only.

But behind every number is a member: someone who was just hired, someone who is in the middle of a career, and someone who is enjoying retirement. Each number is a face and a story. Collectively, they make up the KCERA membership and are the reason the retirement association exists.

Here is a numerical look at KCERA's membership as of June 1, 2014:

<i>Membership Type</i>	<i>Active Members</i>	<i>Retirees &amp; Beneficiaries</i>	<i>Deferreds &amp; Reciprocals</i>	<i>Total</i>
General	6,676	5,795	1,016	13,487
Safety	1,894	1,889	156	3,939
<b>Total</b>	<b>8,570</b>	<b>7,684</b>	<b>1,172</b>	<b>17,426</b>



## Retirement Trivia:

There are slightly more inactive members (deferred and retired) than active members.

Here is a breakdown of active and retired members by membership tier:

<i>Membership Tier</i>	<i>Benefit Formula</i>	<i>Active Members</i>	<i>Retirees &amp; Beneficiaries</i>
General Tier I	"3% at 60"	4,268	5,789
General Tier II	"1.62% at 65"	2,407	6
General Tier III	"2.5% at 67"	1	0
Safety Tier I	"3% at 50"	1,574	1,889
Safety Tier II	"2% at 50"	320	0
	<b>Total</b>	<b>8,570</b>	<b>7,684</b>

# faq

## I recently moved. How should I update my address with KCERA?

KCERA regularly receives returned mail from members who have recently moved. It is important to keep your address updated so you can receive important notices from KCERA. Active members must update their address through their department payroll clerk. Retired and de-

ferred members must update their addresses directly with KCERA by completing and returning a *Change Request Form*. You can obtain this form at [www.kcera.org](http://www.kcera.org) or in KCERA's office. Please provide a copy of your driver's license with the completed form so we can verify your identity.



## FY 2014-15 BUSINESS PLAN Looks to Enhance Services

At the June 11, 2014 board meeting, Executive Director Gloria Domínguez presented KCERA's 2014-15 Business Plan. The intent of a business plan is to provide a roadmap of how an organization will focus its limited resources to achieve high-priority projects in the coming years.

KCERA's 2014-15 Business Plan includes special projects that will expand or enhance member services. They include:

- Back file conversion. KCERA seeks to convert the contents of thousands of member folders to digital format, enabling staff to access these documents via its pension administration system.
- Electronic remittance advices. KCERA seeks to provide retirees with the option to receive their monthly remittance advices via secure email instead of "snail mail."
- Website redesign. KCERA seeks to overhaul its website to provide better content, navigation and functionality for members, plan sponsors and the public.
- Member web portal. As part of its new website, KCERA seeks to provide members with personalized information via a secure portal that will be developed in the coming years.

## UPCOMING EVENTS

### Board of Retirement Meetings:

July 9  
August 13  
September 10  
October 8

*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](http://www.kcera.org).

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

## Retiree News

### SRBR 3 BENEFIT UNCHANGED

The Supplemental Retiree Benefit Reserve 3 (SRBR 3) is a non-vested, supplemental benefit that provides 80% purchasing power protection to KCERA retirees and beneficiaries.

KCERA annually reviews every monthly benefit in relation to the region's consumer price index (CPI) and previously granted cost-of-living adjustments (COLAs). If a monthly benefit has lost more than 20% of its original purchasing power, SRBR 3 benefits will increase to bring the total benefit back to 80%.

Most retirees received the full 2.5% COLA in April 2014, so their current benefit retains at least 80% of its original purchasing power. *Therefore, only a very small number of KCERA retirees will see an increase in their SRBR 3 benefit in July 2014.* KCERA will notify these few retirees about their SRBR 3 increase by mail.

# WHAT TO DO if You Terminate Employment



If you terminate employment prior to retiring, your membership type changes from “active” to “deferred.” There are two categories of deferred members:

- **Deferred-vested.** A member who terminates with *five or more years* of retirement or reciprocal service credit. Deferred-vested members have a right to receive a retirement benefit from KCERA when they meet all eligibility requirements.
- **Deferred-nonvested.** A member who terminates with *less than five years* of retirement or reciprocal service credit. Deferred-nonvested members do not have a right to receive a retirement benefit from KCERA.

Within a few weeks of your termination, KCERA will mail you a *Disposition of Retirement Contributions Form*, on which you will indicate what to do with your accumulated retirement contributions. Your options include:

- **Refund or rollover.** KCERA can issue you a lump-sum payment (refund) or transfer your contribution balance to a qualified retirement account (rollover). Taxes and early withdrawal penalties may apply to refunds. There is a 30-day waiting period before your withdrawal

request can be processed. Once the funds are disbursed, your KCERA membership ends.

- **Keep funds on deposit (deferred-nonvested).** You can keep your contributions in KCERA, where they will accrue interest over time. You are *not* entitled to a future retirement benefit, and you must eventually withdraw your funds.
- **Keep funds on deposit (deferred-vested).** You can keep your contributions in KCERA, where they will accrue interest over time. You *are* entitled to a future retirement benefit, and you can apply for retirement once you are eligible.
- **Establish reciprocity.** Reciprocity is a “linking” benefit that lets you work for any eligible public employer in California without jeopardizing your previously earned retirement benefits. To establish reciprocity, you must comply with certain rules, such as keeping your contributions on deposit in KCERA until you retire.

If you do not submit a *Disposition of Retirement Contributions Form*, your contributions will remain on deposit until you provide direction to KCERA. However, if you are rehired by a KCERA plan sponsor before withdrawing your contributions, you will revert to being an active member and therefore become unable to withdraw your funds.



## CONTACT US

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## 2014 BOARD of RETIREMENT

Michael Turnipseed, *Chair*  
Dominic Brown, *Vice-Chair*  
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