



A quarterly publication of the Kern County Employees' Retirement Association

2011 Year in Review: **CHANGE!**

It is rare that the events of an entire year can be summarized by a single word, but 2011 fit the bill. It was a year of *change*!

Below is a sampling of the changes experienced at KCERA last year.

People

The year began with the addition of four new trustees to the Board of Retirement: Lance Horton, Konrad Moore, Zack Scrivner and Michael Turnipseed. A fifth trustee, Bart Camps, returned to the Board as the alternate safety member.

KCERA also saw several people come and go as one-third of its staff turned over, primarily due to retirements. In addition, KCERA hired a new chief investment officer to provide the Board with in-house investment expertise.

Consultants

KCERA hired a few new consultants last year. The Segal Company, based in San Francisco, replaced Milliman, Inc., as KCERA's new actuary. Shortly thereafter, KCERA's long-time investment consultant, Wilshire & Associates, was replaced by Seattle-based Wurts & Associates. Both consultants are critical to the Board's policy- and decision-making.

Additionally, KCERA acquired the services of Andrew L. Kjeldgaard, an outside attorney who is an expert in the County Employees Retirement Law of 1937.

Policies

KCERA's bylaws were revised to provide greater flexibility for setting the retirement entry date of eligible reciprocal members. Similarly, KCERA modified its disability rules of procedure to improve the application process for members, staff and trustees.

Communications

In an effort to reduce printing and postage costs, KCERA transitioned its quarterly newsletter to an e-newsletter. New editions are now available at www.kcera.org. Likewise, KCERA initiated a project to transition from printed board packets to electronic board packets. The new technology will enable KCERA to reduce the time and costs associated with packet preparation.

Other

Early in the year, KCERA launched its new logo on the website and print publications.

While many things changed last year, the most important thing did not: KCERA's commitment to providing excellent member service and on-time benefit payments to our retirees.

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ACTUARIAL Experience Study 2011



What is an actuary? Actuaries are expert statisticians who use past experience, future expectations (assumptions) and mathematical algorithms to estimate the long-term costs of a benefit.

The job of KCERA's actuary is to determine how many assets are needed to cover the accrued liabilities of its vested members—and then to recommend contribution rates to meet the funding goal.

The key elements in an actuary's calculation are assumptions. There are *economic assumptions* that relate to economic factors and *demographic assumptions* that relate to recent KCERA plan experience. These assumptions make it possible to estimate the future assets and liabilities of KCERA.

What is an "Experience Study"? Actuarial assumptions are largely based on past experience. They can change every few years to reflect shifting demographic trends and economic conditions. An Experience Study analyzes the recent data ("experience") and recommends changes to prior actuarial assumptions.

KCERA's actuary, The Segal Company, just completed an Experience Study in which it analyzed KCERA's economic and demographic data from July 1, 2008 to June 30, 2011. (You can read the

report at www.kcera.org by clicking on "Investment Reports" in the sidebar.) This information will be incorporated into the June 30, 2011 Actuarial Valuation, which will report the plan costs accrued in the last fiscal year based on the assumptions adopted in the Experience Study.

At the December 14, 2011 Board of Retirement meeting, Segal recommended changes to some of KCERA's prior assumptions to reflect recent experience. Demographic assumption changes adopted in the 2011 Experience Study included adjustments to the rates of service retirement, mortality, termination, refunds, disability retirement and individual salary increases. Economic assumptions will remain the same as were adopted in the prior Study, which includes the assumed rate of return at 7.75%.

Who will be impacted? In the forthcoming Actuarial Valuation, Segal will recommend contribution rates for each plan sponsor, including the County. These rates must be adopted by the Boards of Retirement and Supervisors before taking effect in the next fiscal year, beginning July 2012. KCERA will publish the rates when they become available.

FAQS

Q. What documents must I submit before retiring?

A. To retire for service, you must submit a retirement application packet, which includes a Retirement Application, Certification of Bona Fide Separation from Service, Change Request Form, and Beneficiary Designation Form. You can also submit an REOKC Deduction Authorization Form if you want

to enroll in the retiree organization for \$2 per month. In addition, please submit a voided check and a copy of your current U.S. driver's license or state-issued photo ID card. Your marriage certificate and divorce papers should also be on file, if applicable.

Financial Report Available Online

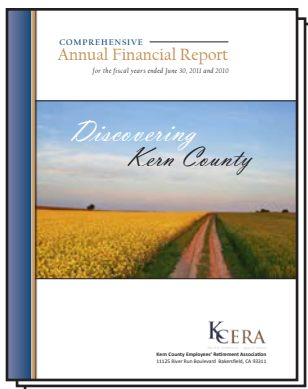
KCERA has published its Comprehensive Annual Financial Report (CAFR) for fiscal year 2010-11. The report is available at www.kcera.org by clicking the "Investments" tab in the left sidebar.

The **2011 CAFR** is an 89-page report detailing the key components of the KCERA Plan, including its balance sheet, investments, actuarial assumptions, membership data and more.

KCERA submits its CAFRs to the Governmental Finance Officers Association (GFOA) for annual review and grading. The GFOA has awarded the Certificate of Achievement for Excellence in Financial Reporting to KCERA for the past ten years. We are confident our 2011 CAFR will receive the same prestigious recognition.

In addition, KCERA will soon publish its **2011 Annual Report**, which condenses the CAFR's most salient data into a short financial summary of the last fiscal year. The annual report will be posted to KCERA's "Investments" webpage in the coming weeks.

2011 CAFR



2011 Annual Report



Retiree News

FORM 1099-R COMING SOON

KCERA's custodial bank, Northern Trust, will mail a Form 1099-R 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 benefit is not subject to federal and state income taxes, you will not receive the form.

IMPORTANT EVENTS & DATES

Investment Board Meetings

January 11
February 8
March 14

Regular Board Meetings

January 25
February 22
March 28

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

The public is invited to attend. Meeting agendas are available online at www.kcera.org.

BOARD OF RETIREMENT

Norman Briggs, *Chair*
Jeff Frapwell, *Vice-Chair*
Jackie Denney
Lance Horton
Joseph Hughes
Konrad Moore
Mark Ratekin
Zack Scrivner
Michael Turnipseed
Bart Camps, *Alternate*
Phil Franey, *Alternate*

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NEWSLETTER MILESTONE

The July 2011 edition of *The Retirement Chronicles* announced the transition of KCERA's printed newsletter to a digital version. This transition began in October, when our 8,200 active members received an email that included a web link to the newly published newsletter. With the January 2012 edition you are reading now, the transition is complete!

The Retirement Chronicles is now an electronic newsletter distributed quarterly to active members and anyone on KCERA's email list. If you know someone who wants to receive the e-newsletter, please tell them to subscribe at www.kcera.org.

Got a Question?

Do you have questions about retiring for service? Filing a disability retirement? Contributions? The Kern County Employees' Retirement Association is ready to help you!

KCERA is open from 8 a.m. to 5 p.m., Monday through Friday, except on County holidays.

Ask to speak to one of our service representatives to discuss your retirement questions or to schedule an appointment. You can also visit our website, www.kcera.org, to download important forms and to learn more about your defined benefit plan.

We look forward to serving you! Call us at (661) 381-7700 or email servicerep@kcera.org.



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