



# THE RETIREMENT CHRONICLES

A quarterly publication of the Kern County Employees' Retirement Association

Apr/May 2018

## 6 TIPS to become “Retirement Ready”

Everyone can envision how they want their retirement to look. The visions vary from person to person, but the theme uniting them is the common struggle to make those dreams a reality. Hard work, faithful saving and wise planning are essential if you hope to be “retirement ready.”

A significant part of that equation is your monthly benefit from KCERA. It is the secure foundation of your retirement dream, a steady leg in your retirement stool. Here are six tips to help you become “retirement ready” with respect to your KCERA benefit.

**1. Know the plan.** KCERA is a defined benefit plan that pays its retirees a lifetime benefit that grows with time. It is not based on your retirement contributions, nor can stock market swings reduce it. Instead, KCERA uses a statutory formula to derive your benefit amount.

**2. Estimate your benefit.** KCERA’s Member Portal features a benefit estimator that uses up-to-date salary and service data of members. By registering for a portal account, you can run endless estimates based on various retirement dates and even future salary assumptions. This will help you target a retirement date based on your unique financial goals.

**3. Save and invest.** Your future KCERA pension was never intended to be your sole source of retirement income. All members, particularly those in General Tier II, would benefit from saving money and investing some in a tax-deferred plan, such as a 457 Deferred Compensation Plan.

**4. Resolve divorce claims.** As an active or deferred member, you *cannot* receive your first KCERA benefit payment while your divorce is pending, unless the Court has determined how the community property interest in your KCERA pension benefit will be divided. No benefit is payable until KCERA is joined as a party to the proceeding and receives a court-filed Judgment and/or Domestic Relations Order (DRO). The Judgment and/or DRO should clearly identify KCERA and how your future benefit shall be divided.

**5. Buy eligible service credit.** You can purchase certain types of prior service and receive KCERA credit, thereby increasing your pension. Extra Help, unpaid medical leaves, active military and some federal employment are a few of the eligible service types. However, you cannot receive credit for prior service for which another agency can pay you a benefit. To request a cost estimate, complete and return a certification form to KCERA.

(continued on page 2)

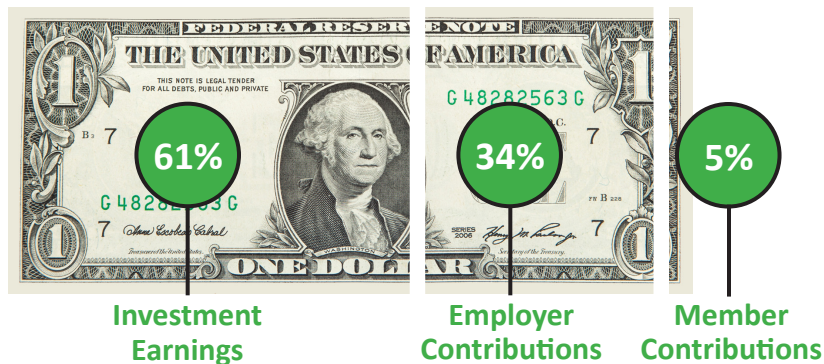
# FUNDING KCERA from a dollar's perspective

KCERA is a contributory plan, which means that it receives some of its funding from retirement contributions. In the last fiscal year, KCERA's 8,738 active members contributed \$35 million to the plan. Employers—the County, Superior Court and 13 special districts—contributed \$241 million. Together, KCERA received \$276 million in retirement contributions from members and employers.

On the other side of the balance sheet are deductions from the KCERA plan. In the last fiscal year, there were outflows of \$311 million, almost all of which were retirement benefit payments. And yet, KCERA's assets experienced a net increase of \$391 million. Where did the net increase come from? *Investment earnings.*

One critical role of the Board of Retirement is to invest KCERA's \$4 billion in a well-diversified portfolio that helps fund retirement benefits for *all* current and future retirees. In fiscal year 2017, KCERA earned an 11.8% net return, or \$426 million in investment earnings.

Here is an illustration of KCERA's funding in fiscal year 2017 from a dollar's perspective:



## 6 TIPS ( ... continued )

**6. Establish reciprocity.** Reciprocity allows you to “link” your retirement service between KCERA and select retirement systems in California. Not only will your retirement eligibility and vesting continue from one system to another, each agency will use your *highest* pensionable earnings to calculate your respective pension amounts. To qualify for reciprocity, you must leave your contributions on

# What do you KNOW?

about RETIREMENT

- 1. TRUE OR FALSE.** Getting older increases your retirement benefit.
- 2. FILL IN THE BLANK.** The best method to purchase prior county service is \_\_\_\_\_.
- 3. MULTIPLE CHOICE.** If KCERA is notified that your ex-spouse has a community property interest in your KCERA pension, which of the following will happen?
  - (a) For active and deferred members, KCERA will place a “hold” on your account. No retirement benefits will be paid.
  - (b) For retired members, KCERA will reduce your monthly benefit by 50%.
  - (c) The “hold” and “benefit reduction” will remain in effect until KCERA receives all required divorce documentation.
  - (d) All of the above.

### CHECK YOUR ANSWERS:

- 1. True.** Your pension will increase every quarter-year older you are prior to retirement. This is true up to age 60 for General Tier I, age 65 for General Tier II, age 50 for Safety Tier I, and age 55 for Safety Tier II.
- 2. Up to you!** Choose between cash payment, retirement account rollover, payroll deductions, accrual cash-out, or a combination of these options. Pick the one(s) that suit you best.
- 3. (d)** An ex-spouse's adverse interest in your KCERA benefit can have a serious impact on your finances. Visit [kcera.org](http://kcera.org) to learn about KCERA's requirements for resolving a divorce matter.

deposit with the first agency, enter membership in the second agency within six months of leaving the first, avoid overlapping employment, and retire from all reciprocal agencies on the same day.

Please visit [www.kcera.org](http://www.kcera.org) or contact KCERA at (661) 381-7700 for more information about the tips described above. Plan well!

## Board Appoints Pair of Executives

Having excelled as KCERA's Acting Executive Director for the past six months, Dominic Brown was appointed by the Board of Retirement at the March meeting as its new Executive Director following a nationwide recruitment.

Mr. Brown served as an elected general member on the Board of Retirement, including one year as chairman. The following year, he joined KCERA as its Assistant Executive Director. As the agency's acting head in 2017-18, he achieved several short-term and long-term organizational goals, earning the trust and respect of people at KCERA and beyond. This spring, the County recognized his efforts by awarding him the 2017 Individual Award for Outstanding Leadership.

Before joining KCERA, Mr. Brown worked for eight years as a Division Chief in the Kern County Auditor-Controller's office. Prior to that, he was an Audit Supervisor at Daniells Phillips Vaughan & Bock, CPAs; the Assistant Controller at Lennar Homes; and a Senior Accountant at Brown Armstrong, CPAs. He earned a B.S. in Business Administration (Accounting) from Biola University, and he is a Certified Public Accountant and Certified Fraud Examiner.

Mr. Brown's strong accounting background and record of excellent leadership have made him a good fit for KCERA. Please join the retirement association in welcoming him as its Executive Director.



**Dominic Brown**  
*Executive Director*



**Daryn Miller**  
*Chief Investment Officer*

In April, the Board of Retirement appointed Daryn Miller as KCERA's new Chief Investment Officer. Mr. Miller will be responsible for overseeing the investment program, including risk management, investment manager oversight, due diligence, and investment policies and objectives.

Mr. Miller joined KCERA after serving as Interim Chief Investment Officer at the City of San Jose's two defined benefit pension plans. Prior to that role, he managed several of the plans' asset classes and made tactical investment decisions. Earlier, he spent five years at Goldman Sachs as a Vice President in equity research. Mr. Miller earned an MBA from the University of Southern California, a BA from Vanguard University and the Chartered Financial Analyst designation.

## Retiree News

### 2018 COLA

At its February meeting, the Board of Retirement approved the full 2.5% cost-of-living adjustment (COLA) for all KCERA retirees and beneficiaries who had retired by April 1, 2018. The additional percentage was applied to their monthly retirement benefits, beginning in April. COLAs take into account the annual change in the region's average Consumer Price Index (CPI) and any "COLA bank" reserves accrued by the retiree in previous years.

### REMITTANCES TO END

To avoid unnecessary printing and postage costs, KCERA will stop printing and mailing monthly remittances in August 2018. Your monthly remittance is always available via the Member Portal. If you require your monthly remittance to be mailed to you, please contact KCERA via the Member Portal, website or phone. *Your actual payments will not be affected by this change.*

# PLAN SPONSOR

## Spotlight

### **East Kern Cemetery District & West Side Cemetery District**

East Kern Cemetery District was established in 1940 as Mojave Cemetery before receiving its current name in 1977. However, it began burials in 1887 with the advent of the railroad industry. The district serves local residents on six acres in Mojave and ten acres in California City.

West Side Cemetery District was formed in 1932 on four acres in Taft. Today, the cemetery covers twelve acres and performs 175 services each year. Funded by local property taxes, the public cemetery provides burials for all qualifying district residents and their families.

East Kern Cemetery joined KCERA as a special district in 1993 and has two active members. West Side Cemetery joined KCERA in 1960 and has six active members.

### **Inyokern Community Services District**

Inyokern Community Services District was formed in the 1980s to provide water, wastewater and street-lighting services for residents of Inyokern. The agency joined KCERA as a special district in 1989. Due to limited resources, it currently has no full-time staff and no active members in KCERA.

Kern County Employees' Retirement Association  
11125 River Run Boulevard  
Bakersfield, CA 93311-8957  
PRUDENT INVESTMENT • QUALITY SERVICE

