



# Fiscal Year '09 Investment Update

In spite of unprecedented volatility in global investment markets throughout the last fiscal year, KCERA posted an impressive 13.21% gain in the second quarter of 2009.



This quarterly outperformance helped offset, in part, severe losses incurred in previous quarters. Most of the recent gains came from international equities (27.33%), high yield (18.95%) and domestic equities (17.50%). Other positive contributors were core fixed income (8.38%), real assets (4.00%) and absolute return investments (3.03%).

The double-digit returns added more than \$235 million to the total fund balance in the second quarter of 2009.

Over the entire fiscal year, however, KCERA's total investment return was -21.87%, net of fees, resulting in a fund balance of approxi-

mately \$2.06 billion. (KCERA's 2009 fiscal year ran from July 1, 2008 to June 30, 2009.)

The fiscal year losses were felt most in the domestic equity, international equity, real assets and alternative investments portfolios.

Despite having a well-diversified fund, which typically protects pension plans from dramatic valuation swings, KCERA experienced the same fate as other public funds: large losses that could take years to rebuild.

"Like KCERA, many public funds recently increased their allocations to real return assets, such as real estate, and absolute return strategies, such as hedge funds, to provide stable returns during equity market volatility," explained Eileen Neill, managing director at Wilshire Associates, Inc., which acts as the Board's investment consultant. "However, these strategies suffered double-digit losses as well during the past year."

The Board of Retirement remains committed to its time-tested investment policies with long-term strategies. They have produced steady gains over many decades and help ensure that your "pension promise" is fulfilled.

## IN THIS ISSUE

- |   |  |   |
|---|--|---|
| 1 | – Fiscal Year '09<br>Investment Update |   |
|   | – Pre-Retirement Planning<br>Seminar   | 2 |
|   | – Interest Crediting<br>– FAQs         |   |
| 3 | – Election Reminder<br>– Retiree News  |   |
|   | – Sign Up for<br>Retirement Seminar    | 4 |



# Pre-Retirement Planning Seminar

Every year in June and December, KCERA hosts a pre-retirement planning seminar for members retiring within five years. **Have you attended one yet?**

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Years ago, the retirement association became aware of the growing need to educate its membership about retirement far in advance. Rising health premiums, revised investment account rules, new benefit plans and a host of other considerations make retirement planning more complex than in years past.

For these and other reasons, KCERA developed a half-day seminar to help members maximize their retirements by educating them on an array of issues critical to retirement planning. Each seminar features several speakers and topics of interest to retiring members.

The current president of the Retired Employees of Kern County (REOKC) begins the program by describing the structure, purpose and activities of the retirees' association. The next hour is filled by

a KCERA speaker, who provides a suggested retirement timeline, useful tips for selecting a retirement date, an overview of KCERA's benefit plans, an explanation of each retirement allowance option, and various other important topics.

Attendees also hear from Health Benefits about retiree health plans, their costs and the County's supplemental health allowances. Social Security then describes the federal program and how to begin drawing a retirement benefit. Finally, attendees learn about the County's 457 Deferred Compensation Plan and what options are available as retirement approaches.

To register for the next seminar, complete the form on the back of this newsletter, call the KCERA office or download a *Seminar Sign-Up* form at [www.kcera.org](http://www.kcera.org).

## Interest Crediting to Member Accounts

Every six months, on June 30 and December 31, KCERA credits interest to its non-retired member accounts.

The interest-crediting rate is calculated on a "five-year smoothing" of KCERA's investment gains and losses in the preceding five years. This strategy minimizes investment return volatility for both employees and employers.

If a previous six-month period of smoothed returns was positive, KCERA credits the earnings percentage to member accounts six months later. But, if the preceding six months of smoothed returns were negative, KCERA will reduce the contribution balances of member accounts by that rate of return.

Negative returns experienced during the prior fiscal year (see page 1 article) may result in a negative interest posting in December 2009. Keep in mind, however, that your member account balance *in no way* impacts your pension benefit.

## Historical Crediting Rates

12/31/09	TBD
06/30/09	3.4419%
12/31/08	4.1739%
06/30/08	4.4174%
12/31/07	5.0059%
06/30/07	4.0438%
12/31/06	4.0000%
06/30/06	3.6521%
12/31/05	3.4660%
06/30/05	3.4069%

## Frequently Asked Questions

**Q: Does purchased service credit enhance my *other* County benefits?**

**A:** Purchasing prior County or prior public service will increase your retirement allowance and count toward your eligibility for the 2% longevity pay after 30 service years.

However, purchased time *will not* increase your sick leave and vacation accruals. It also *will not* count toward the "continuous years of service" used to determine your eligibility for the *Retiree Health Premium Supplement Program*.

# Election Reminder

An election will be held in November to fill two seats on the Board of Retirement. The available positions include the *Seventh Member* and *Seventh Member Alternate* seats, elected by safety members.

All members eligible to vote in this election will be sent ballots to complete and return to the County Elections Office by November 17. Please cast your vote for



these important positions! Election results will be posted in the KCERA office and on our website.

## Retiree News

### Changing Personal Information

At various times, you may need to change your personal information on file with KCERA. Keeping this data up-to-date ensures your benefit payments are processed without interruption.

To set up direct deposit or to change your bank account, you must complete a *Direct Deposit* form and return it to KCERA. Complete an *Address Change* form if you are moving or if your mailing address has changed.

You may also want to change your beneficiary designation due to marriage, divorce, domestic partnership registration, death or other life events. To update your beneficiary information, please fill out and return a *Beneficiary Designation* form to KCERA.

All forms can be downloaded from [www.kcera.org](http://www.kcera.org), picked up at the KCERA office or requested by phone by calling (661) 868-3790. *Please note that your personal information cannot be updated by phone.*

## Upcoming Events & Important Dates

### Investment Board Meetings

October 14  
November 18 (combined)  
December 9 (combined)

### Regular Board Meetings

October 28  
November 18 (combined)  
December 9 (combined)

### Benefit Payment Mailings

October 26  
November 23  
December 24

### Retirement Planning Seminar

December 10, 2009  
Board Chambers  
1115 Truxtun Ave., 1st Floor

*The Board of Retirement meets at 1115 Truxtun Ave. in the multi-purpose room located on the third floor.*

## Board of Retirement

Joseph Hughes, Chair  
Norman Briggs, Vice-Chair  
Brad Barnes  
Jackie Denney  
Jeff Frapwell  
Robert Jefferson  
Mike Maggard  
John Mainland  
Mark Ratekin  
Bart Camps, Alt.  
Phil Franey, Alt.

# Sign Up for Retirement Seminar

Use this form to reserve a seat at the next retirement planning seminar.

Name		SSN (Last 4 Numbers)	
Address			
City		State	Zip Code
Home Phone	Work Phone	Dept. Name/Number	
If you would like to receive an e-mail confirmation that your name has been added to the reservation list, please provide your e-mail address here:			
Please add my name to the reservation list for the following retirement planning seminar(s):			
<input type="checkbox"/> December 10, 2009		<input type="checkbox"/> June 2010	
Mail reservation form to: KCERA 1115 Truxtun Avenue Bakersfield, CA 93301	You can also e-mail your reservation to <a href="mailto:servicerep@kcera.org">servicerep@kcera.org</a> or fax your reservation to (661) 868-3779.	Retirement planning seminars are designed for members <u>within five years of retirement</u> . Attendance at seminars is limited to about 130 people. Make your reservation early to ensure a seat at the next seminar.	