



# Retirement Chronicles

A quarterly publication of the Kern County Employees' Retirement Association

News & Views

October 2012

## Key Board Decisions in 2012

So far it has been an eventful year for the KCERA Board of Retirement, whose nine trustees and two alternates oversee the retirement system and the assets of the \$3.0 billion pension trust fund. The Board's decisions vary in their focus, but they all have the same goal: to support KCERA and its members. Here is a sampling of key Board actions in 2012.

**New investments.** The Board hired Gramercy and Stone Harbor to manage \$120 million in emerging market debt. Albourne Partners was selected as the hedge fund consultant to advise and assist with the selection of direct hedge funds to fill the \$300 million target to hedge strategies. Hiring commodities managers to fill the \$180 million allocation is also on the horizon.

**Service providers.** Several Request for Proposals resulted in the hire of six hearing officers for disability application appeals and three legal firms: Andrew Kjeldgaard and Nossaman LLP for fiduciary and Ice Miller LLP for tax-related legal services. The Board also hired Clifton Larson Allen LLP as its new auditor.

**Committee consolidation.** The Board had five standing committees that were recently consolidated into three committees (Administrative, Finance and Investment) to provide a more efficient governance structure.

**Monthly meetings.** Earlier this year, the Board reduced its monthly meetings from two to one as part of a one-year pilot program. In April 2013, the Board will evaluate whether the reduced meeting schedule or reverting to a two-meeting schedule is more efficient and effective in conducting its business.

To stay informed about the latest Retirement Board news, please visit the "Meeting Agendas/Minutes" page on KCERA's website or, better yet, attend a Board meeting.

*See page 3 for a list of upcoming meetings.*

# FISCAL YEAR

## INVESTMENT UPDATE

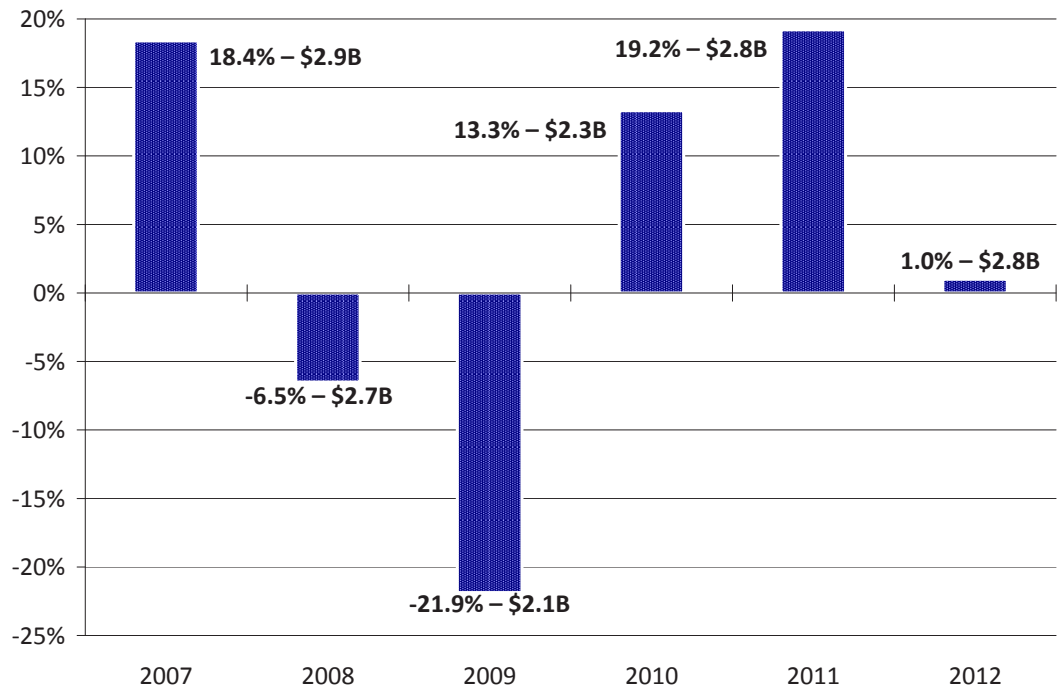
KCERA recently completed a year of dramatic investment volatility amid economic uncertainty, both domestically and abroad. Following a strong investment performance of 19.2% in fiscal year 2010-11, KCERA earned a 1.0% return (net of fees) in the fiscal year ending June 30, 2012, resulting in a total fund balance of approximately \$2.8 billion.

Contributing to the annual return was gains in domestic equities (3.2%), global fixed income (8.2%), real

estate (10.3%), private equity (9.6%) and opportunistic investments (12.1%). The primary performance detractor was international equities (-15.1%).

Over three, five and ten years, KCERA's annualized returns were 10.9%, -0.1% and 6.2%, respectively. This broad range of returns, as illustrated in the chart below, reflects the volatility of investments in the past several years.

*KCERA Total Fund  
Performance (net of fees)  
in Fiscal Years Ended June 30*



# faq

## What are the advantages and rules of reciprocity?

**A.** Reciprocity lets you “link” your retirement service earned at eligible public agencies in California. Establishing reciprocity can lower your contribution rate in the new agency, hasten your vesting and retirement eligibility, increase your final average compensation, and more! To qualify for reciprocity, there must be less than a six-month break in service between reciprocal agencies and

you must keep your contributions on deposit with each agency. Following these eligibility rules will enable you to take advantage of reciprocity's valuable benefits. (Working for two agencies at the same time may jeopardize your reciprocity eligibility.) For more information, please contact KCERA.

# Legislative Alert:

## *Pension Reform Act of 2013*

*“Will the California Public Employees’ Pension Reform Act (PEPRA) of 2013 affect me?”*

That is a question increasingly asked by public employees in California, including KCERA members like you. We are currently analyzing the new law to determine its impact on KCERA and our participating employers and members. While we understand that there is substantial interest in the legislation, it is lengthy, complicated and must be reviewed carefully. When our legal analysis is complete and the law’s impact on KCERA is known, we will share that information publicly.

In the meantime, there will likely be information floating around that is inaccurate or misleading. Please do not rush to judgment. Our analysis will be fair and accurate so that you have the information you need to make sound retirement decisions.

[Click here](#) for a brief summary of the law.

## UPCOMING EVENTS

### Board of Retirement Meetings

November 7  
December 12

*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

### Keep Personal Info Updated

It is important to keep your personal information updated to ensure your KCERA benefits continue to you and your beneficiary without interruption.

To update your name, address, “direct deposit” or tax-withholding information, you must complete a *Change Request Form* and return it with a copy of your current U.S. driver’s license or state-issued photo ID card. If you need to designate a new beneficiary due to marriage, divorce, domestic partnership registration or death, please complete a *Beneficiary Designation Form*.

All forms can be downloaded from [www.kcera.org](http://www.kcera.org), picked up at the KCERA office or requested by calling (661) 381-7700. *Please note that your personal information cannot be updated by phone.*



# What do you know about retirement



(see answers below)

## POP QUIZ:

- 1. TRUE OR FALSE.** Any member, regardless of tenure, can contact KCERA to discuss their retirement questions, plans and timelines.
- 2. FILL IN THE BLANK.** A retirement option that integrates your Social Security benefit with your KCERA benefit to temporarily pay you a higher combined pension is called the \_\_\_\_\_.
- 3. MULTIPLE CHOICE.** If your ex-spouse is entitled to a portion of your KCERA benefit, which of the following documents must you submit to receive your retirement benefit:  
(a) Judgment (b) Joinder (c) Domestic Relations Order  
(d) all the above (e) b and c only



## POP QUIZ ANSWERS

- 1. True.** KCERA has a staff of retirement service representatives (RSRs) whose primary job is to assist you as you prepare for retirement. Whether you are years away from retiring or just a few days, RSRs are here to help. You can also view an informative *e-seminar* via the KCERA website to get your questions answered.
- 2. Temporary Annuity Option.** At retirement, you may choose this option to increase your KCERA benefit *until you reach age 62*. The additional annuity is calculated by multiplying your estimated Social Security benefit by an age factor. This is a good option if you would like more income earlier in retirement (i.e., before age 62). Contact KCERA for more information.
- 3. (e)** KCERA must receive a Joinder and court-approved Domestic Relations Order to pay your retirement benefit. Active members applying for retirement will *not* receive any benefit payment, and retirees will only receive *half* of their benefit payment, until both documents are received.

For more information about these and other retirement topics, please review the Member Handbook, available in the KCERA office or by [clicking here](#).

## BOARD OF RETIREMENT

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



## CONTACT US

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