



Retirement Chronicles

News Today About Your Tomorrows

April 2001

Quarterly Newsletter

Reader Feedback

You may reach us at:

KCERA
1115 Truxtun Ave 1st Floor
Bakersfield CA 93301
Attn: Newsletter Editor

Kcera@co.kern.ca.us

Or Fax your suggestions to:

(661) 868-3779

Upcoming Events

Retirement Planning Seminar
May 24, 2001

- Contact KCERA for more information

Retirement Board Meetings
Investment Board
2nd Wed. of each month

Regular Board
4th Wed. of each month

Correction

The KCERA has issued its annual report to all members. There is a typo in one number presented in the "Reserve Balances" for June 30, 2000. The "cost of living reserve-safety" should read \$154,339. We apologize if any member was misled or confused by the typo.

Board of Supervisors Adopts 3% at 50

Safety Retirement Enhanced

The Kern County Board of Supervisors recently adopted Section 31664.1 of the County Employees Retirement Law of 1937. This section provides an enhanced retirement benefit to all active and deferred Safety members who retire on or after January 1, 2001. This enhanced benefit is commonly known as "3% at 50."

For Safety members at age 50, you will receive 3% of your highest average monthly salary at retirement for each year of retirement service credit. For instance, a Safety member, age 50 with 20 years of service, will receive 60% of his or her highest average monthly salary at retirement.

This increased benefit will ultimately require higher retirement contributions. It has been anticipated that increased contributions would be required from both the County and Safety members with less than five years service credit, starting July 1, 2001. However, the matter of employee contributions for the "3% at 50" is under discussion in other counties and in Sacramento.

Enhanced Benefits Mean Careful Planning

It is important to remember that the KCERA cannot pay any member more than 100% of their final average monthly compensation. Therefore, Safety members need to carefully plan their retirements to avoid going over 100% of final average monthly compensation.

Safety members should also carefully consider service credit purchases. Purchasing prior public service or prior County service will generally enhance your retirement benefit. However, if by purchasing service credit, your benefit would exceed 100% of final average monthly compensation, it would not be to your advantage to purchase such service credit.

Purchasing service credit or choosing a retirement date are ultimately decisions the member must make. But, KCERA service representatives can provide employees with valuable information to assist them with their decisions. Call the KCERA office to schedule an appointment with a Service Representative if you have any questions about purchasing service credit or choosing your retirement date.

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Board Members:
Phil Franey, Chairman Sharon E. Lesser
Geoffrey B. King, Vice Chairman Ken Peterson
Sharon Clark Tony Plante
John De Mario Mark J. Smith
Brent Dezember Michael Bradley, Alternate

In This Issue

Reader Feedback	Page 1
Upcoming Events	Page 1
Board of Supervisors Adopts 3% at 50	Page 1
Safety Retirement Enhanced	Page 1
Enhanced Benefits Mean Careful Planning	Page 1
FAQ's	Page 2
Executive Director's Message	Page 2
Of Interest to Our Retirees	Page 2

FAQ's

Q. How do I change my address with KCERA?

A. If you are currently employed with Kern County or with a represented Special District, you must change your address with your employer. KCERA will receive notification of the address change through payroll updates. If you are a deferred or retired KCERA member, you may change your address with the KCERA office by notifying us in writing of your new address. KCERA can provide a change of address form to assist you with changing your address.

Q. Can I borrow from my retirement account or use my account as collateral for a loan?

A. You may not borrow from, use as collateral or withdraw your contributions and interest during your employment. However, KCERA can provide information about your account to lenders at your request. The lender must provide KCERA with a release form signed by the member before any confidential information will be released.

From the Desk of the Executive Director

Dear KCERA Member,

In the first issue of *Retirement Chronicles*, I promised to review the status of the *Ventura* matter and how it may impact your retirement benefits. As you may know, the KCERA is a party to a lawsuit brought by individual retired members and the Kern Law Enforcement Association (KLEA) and, as defendant in this matter, it is not appropriate for me to discuss the litigation with you, as plaintiffs. Please recall, however, that the original *Ventura* decision required the KCERA to include certain pay codes in final average compensation for purposes of calculating retirement benefits that were previously excluded based upon prior case law. The KCERA Board of Retirement adopted several resolutions incorporating many of these items into the final calculation of benefits with the net effect of increasing your retirement benefits to the extent that you may earn some of the new covered pay codes in your final compensation period. However, certain items were not included and these items, and related matters, are the subject of the litigation.

In June 2000, the court generally approved the actions of your Board of Retirement, leaving several issues unresolved for possible settlement by the litigants prior to a court ruling in the future. These outstanding items include additional pay codes and whether the *Ventura* decision applies retroactively to all currently retired members. Please note that your Board of Retirement has generally taken a neutral position with respect to the benefit increases sought by the plaintiffs. The Board of Retirement is administrator of the fund and does not design, nor fund, the regular benefit program. With all this background, I can now only report to you that settlement discussions between the County of Kern, as a party-in-interest, the Board of Retirement, and your counsel are ongoing at this point.

You are represented in this matter by Stephen H. Silver, Esq., 1428 Second Street, (P. O. Box 2161), Santa Monica, CA 90407-2161, telephone number (310) 393-1486. Please call Mr. Silver with your questions about the litigation, as KCERA staff cannot discuss these matters with you.

But, for all other retirement benefit matters, please don't hesitate to call me or any of the KCERA Service Representatives.

Very truly yours,

David J. Deutsch, CFA

Of Interest to our Retirees**Cost of Living Increases to be Paid**

Retirees will receive a Cost of Living Adjustment (COLA) on their April 30, 2001 retirement check. Members who are retiring on or before April 1, 2001 will also receive the COLA. This "pay raise" is just one of the benefits provided to our retirees and their beneficiaries.

Northern Trust is New Custodian Bank for KCERA

As you should know by now, your Board of Retirement appointed The Northern Trust Company as the successor custodian and benefits disbursements agent for KCERA. Hopefully, this transition has been as smooth for you, our members, as it has been for the staff at KCERA.

One change that you should be aware of is that now you may contact Northern Trust directly to make changes to your account or to notify them if a payment was not received. Their toll-free number is 1-866-766-4655. Of course, you may still contact the KCERA office directly if you have any questions.