



# Retirement Chronicles

*News Today About Your Tomorrows*

January 2002

Quarterly Newsletter

## Reader Feedback

You may reach us at:

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## Upcoming Events

Retirement Planning Seminar  
May 2002

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

Regular Board  
4th Wed. of each month

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Updated Retirement Information booklets are now available in the KCERA office or on our web site at [www.kcera.org](http://www.kcera.org).

## “Ventura” Lawsuit Settled

In August, 2001, all KCERA members received a copy of the proposed “Ventura” lawsuit settlement. The Court approved and signed the settlement on September 28, 2001, thereby binding all KCERA members, the County and the KCERA to the terms of the settlement. The KCERA is now hard at work implementing the terms of the settlement with the cooperation of the County.

All KCERA members or beneficiaries of KCERA members who were receiving a retirement benefit on or after April 1, 1996 will have their benefit reviewed to determine if any additional benefits are now due as a result of the settlement, based upon available County payroll records. Further, all KCERA members who retired or are preparing to retire after the lawsuit was settled may have their benefits adjusted as well. Adjustments will include retroactive payments, where applicable, back to April 1, 1996 as well as interest on the underpaid benefits.

However, these adjustments will take time so we ask that all members please be patient as we work to complete this project. We hope to have more information available soon concerning when adjusted payments will be made. (See “Executive Director’s Message” on Page 2 for a related story.)

## BOS Adopts Code Sections

The Board of Supervisors adopted two code sections of the County Employees’ Retirement Law of 1937 (CERL), making these code sections now applicable to Kern County employees.

On August 8, 2001, the Board of Supervisors adopted Govern-

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Brent Dezember Michael Bradley, Alternate  
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Phil Franey

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# KCERA Retirement Chronicles

## FAQ's

### Q. Can I rollover 457 Deferred Comp funds to buy retirement credit?

A. As of January 1, 2002, changes in the Federal tax laws will go into effect regarding 457 Deferred Compensation plans. One of the changes allows, but does not require, a rollover of funds from a 457 Deferred Comp plan to a defined benefit plan to purchase service credit in the defined benefit plan. The KCERA anticipates that KCERA members will eventually be able to use their deferred comp funds to pay for service credit purchases. However, this option will not be available immediately because the State of California has not adopted corresponding tax law changes. Before implementation, many details will need to be worked out with the Treasurer-Tax Collector and with the 457 administrator, Great West, before KCERA can begin offering this option. If you contemplate a service credit purchase in the near future, you will need to weigh the advantages and disadvantages of waiting for this option to become available. Please remember that the cost for a service credit purchase increases every six months because of interest changes. If you have questions about purchasing service credit, please contact the KCERA office. Also, forms to apply for service credit purchases can be found on the KCERA web site at [www.kcera.org](http://www.kcera.org).

## Executive Director's Message - David J. Deutsch, CFA

I have donated this space to the Ventura Implementation Team for this important message. David J. Deutsch, CFA

Dear KCERA Member,

In August, all members received a copy of the Settlement Agreement between the Kern Law Enforcement Association et al., Petitioner, and the Kern County Employees' Retirement Association (KCERA), and the County of Kern, as Respondents. On September 28, 2001, the San Francisco Superior Court approved the proposed Settlement Agreement with an amendment to Section 8. The amendment permits the member to request a different final compensation period (the 36-month period if you retired prior to December 1, 1970 and thereafter, the 12-month period during which you received the highest compensation in your career calculated under the rules existing at the time of your retirement, and that compensation was then used by KCERA to calculate your retirement benefit) to recalculate the member's retirement allowance based on the special pays now included in the calculation of final compensation.

The Settlement Agreement established an Implementation Team and the Team has been meeting regularly since August 30<sup>th</sup>. The Team consists of representatives from the Auditor-Controller-County Clerk's Office, the County Administrative Office, the Personnel Department, and KCERA and has been working to develop an implementation plan to facilitate the provisions of the agreement and to expedite the payment of any new benefits to retirees and beneficiaries. The Team has reviewed the availability and format of the payroll records and determined how to research and process the payroll data. In addition, KCERA has determined that it is necessary to review each retiree's file to determine their final compensation period in order to comply with the amendment to the Settlement Agreement.

Starting in December, and within the next several months, retirees and beneficiaries will receive a letter from the KCERA indicating the final compensation period used to calculate your retirement allowance. This letter will request that you respond within 30 days and indicate whether you want to keep your current final compensation period or select a different final compensation period to recalculate your retirement allowance.

Upon return receipt of these letters, KCERA will begin the process of recalculating retirement allowances retroactive to April 1, 1996, when appropriate. According to the agreement, the recalculated benefit amount will be sent to those affected retirees and beneficiaries, who will then have 60 calendar days to respond as to whether they agree with the recalculated amount. Any retroactive payments will be paid together with interest through the date of payment.

The Team is meeting regularly to ensure that the necessary resources and processes are effectively operating to implement the Settlement Agreement. The Team wants to assure all members that, retirees and beneficiaries entitled to increased benefits pursuant to the settlement agreement will be paid in an expeditious manner.

Sincerely,

Elissa D. Ladd  
Assistant CAO

James A. Rhoades  
Auditor-Controller-  
County Clerk

Roberto L. Peña, CPA  
Assistant Executive Director

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ment Code Section 31648.3. This section allows a member of the KCERA to purchase and receive retirement service credit for periods during which the member was laid off by Kern County. To qualify to purchase layoff service credit, the member must have been a full time employee at the time of the layoff and the member must return to full time service within twelve months of the date of the layoff. Further, the layoff must have occurred after January 1, 1981. Finally, the member must make application to purchase the service within five years of return to full time service or within five years of the date this code section is adopted.

If you think you may qualify to purchase service credit under G.C. 31648.3, please contact the KCERA office for more information . We will be happy to calculate a cost for purchase and to explain payment options available to you.

The Board of Supervisors also adopted Government Code Section 31680.7 on August 21, 2001. This section provides, in part, for the re-employment by the County of a retiree and for the calculation of a retirement allowance upon termination of such re-employment. As a matter of policy, the Board of Supervisors limits the application of this section to include only retirees being hired to fill non-Civil Service positions.

Under the provisions of this section, if a retiree returns to work for the County in a non-civil service position, the retiree's current KCERA benefit will be suspended during the period of re-employment. When the retiree again terminates employment, the retiree's original benefit will be reinstated and will be adjusted for any cost of living increases during the re-employment period. Further, the retiree will have an additional retirement benefit amount calculated as a result of the re-employment. This additional benefit will be computed at the retiree's new age at retirement and will be based on the retiree's highest compensation during the period of re-employment. However, the new service will apply to the tier of benefits in effect at the time of the retiree's original retirement.

The adoption of this code section will not affect those retirees who return to work in an extra help capacity not to exceed 960 hours or 120 days in any fiscal year. However, because the Board of Supervisors has chosen to limit full time re-employment of retirees to only non-Civil Service positions, retirees will not be able to return to work for Kern County in a Civil Service position.

If you are retired and contemplate returning to work for Kern County, we encourage you to contact KCERA to discuss how your re-employment may affect your retirement benefit. However, the KCERA cannot respond on the limits that the Board of Supervisors has placed upon those retirees wishing to return to full time employment with Kern County. You may wish to contact your Board of Supervisors representative with any questions about these restrictions.

## Of Interest to Our Retirees

Often our retirees need to make changes to their personal information such as changing a mailing address or changing Direct Deposit information. When such changes are necessary, you have two choices. You may contact the KCERA office or you may contact Northern Trust directly. However, it may be most expedient for you to contact the KCERA office directly.

Address changes and signing up for or discontinuing Direct Deposits are examples of items that can be handled directly with Northern Trust. However, any information or change requests needing to be handled quickly should be directed to the KCERA office.

For example, if you need verification of your retirement benefit for a loan application, such requests should be sent directly to the KCERA office. If requests are sent to Northern Trust, the requests must be forwarded to the KCERA office for completion. This can cause a four to six week delay in processing your request. So, for simple changes, you may contact Northern Trust. But for any changes requiring immediate attention, call or write the KCERA office directly.

Return Service Requested

Bakersfield CA 93301-4639

1115 Truxtun Avenue

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION



**Our Web Site is now up & running! Visit us on the web  
at [www.kcera.org](http://www.kcera.org)**

**Are you thinking about retirement soon?  
Plan now to attend the next Retirement Planning Seminar.  
Attendance at seminars is limited so call or e-mail our office NOW  
to reserve your spot at the next seminar.**