



Retirement Chronicles

News Today About Your Tomorrows

October 2002

Quarterly Newsletter

Reader Feedback

You may reach us at:

KCERA
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Bakersfield CA 93301
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Upcoming Events

Retirement Planning Seminar
December 5, 2002

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

Regular Board
4th Wed. of each month

In Memoriam

Kenneth W. Peterson

February 16, 1950 - June 23, 2002

The KCERA and the Board of Retirement offer sincere condolences to the family of late Retirement Board Trustee, Ken Peterson.

457 Rollovers Now Available

Earlier this year, Governor Gray Davis signed into law legislation bringing California into compliance with the Federal Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA). This means that Kern County employees can now take advantage of increased contributions to their 457 Deferred Compensation plan as well as more liberal withdrawals after retirement. More importantly for KCERA members, the new law allows members to rollover funds from his or her County 457 Deferred Compensation plan to purchase eligible service time in the KCERA, including prior public service, prior County or District service, and allowable leaves of absence. If you wish to utilize your 457 funds for this purpose, you will need to follow these steps:

- Contact the KCERA to request a calculation of cost for the time you wish to purchase. When the calculation is completed, KCERA will mail an Election to Purchase Service Credit contract letting you know the total cost to purchase the time.
- Contact the 457 Plan Administrator to verify that you have sufficient funds to complete the purchase.
- Once you have verified funds, contact the KCERA office so that we may complete a Trustee to Trustee Rollover form.
- Sign the Election to Purchase Service Credit contract, choosing the Lump Sum option. Return the signed Election contract to the KCERA office.
- When KCERA has received your signed Election to Purchase Service Credit contract, the KCERA will send a completed Trustee to Trustee Rollover Form to the 457 Plan Administrator.
- Once KCERA receives a check from the 457 Plan Administrator, your purchase will be completed and you will be sent a receipt showing the total years of service credited.

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Kern County Employees' Retirement Association
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Board Members:

Sharon Clark, Chairman	Ethelyn L. Looy
Sharon Lesser, Vice Chairman	Barbara Patrick
John De Mario	Tony Plante
Brent Dezember	Michael Bradley, Alternate
Claude D. Fiddler	Lois Maujer, Alternate
Phil Franey	

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KCERA Retirement Chronicles

FAQ's

Q. What is the difference between being vested in KCERA and being eligible to retire?

A. You are vested in KCERA when you have a minimum of five years of retirement service credit. However, you may not retire until you meet additional eligibility requirements. These requirements are as follows:

•For General Members

You must be age 50 with at least 10 years of KCERA or reciprocal service credit. If you have at least 30 years of service credit, you may retire at any age.

•For Safety Members

You must be age 50 with at least 10 years of KCERA or reciprocal service credit. If you have at least 20 years of service credit, you may retire at any age.

•For Age 70

If you are a vested member of KCERA, you may retire at age 70 regardless of years of service.

•For Deferred Members

If you have left County or District employment and have elected to defer your retirement, you may retire at any time you would have been eligible to retire if you had continued employment. For most members, this would be at age 50 or more if the member has 10 years of service. If you have less than 10 years of service, you must wait until 10 years has elapsed from the date you entered the retirement system to be eligible to retire.

For additional information about retirement eligibility, please contact the KCERA office to speak with a Service Representative.

KCERA Welcomes New Board Member

KCERA is pleased to announce the appointment of Supervisor Barbara Patrick as the fourth member of the Board of Retirement. The Kern County Board of Supervisors appointed Mrs. Patrick to fill the seat left vacant by the untimely death of Supervisor Ken Peterson. Mrs. Patrick also assumes Mr. Peterson's seats on the Budget Committee and Disability Application Committee for the Board of Retirement.

Mrs. Patrick brings a wealth of experience to her new position. She has served as 3rd District Supervisor since 1994 and is currently the Vice Chairman of the Board of Supervisors. She was appointed by Governor Gray Davis to the California Air Resources Board in 1997. She also taught school in the Bakersfield City School District for twenty years and holds a lifetime teaching credential in elementary education. A complete list of Mrs. Patrick's accomplishments can be found on KCERA's web site at http://www.kcera.org/member_bios.htm.

The Board of Retirement and the KCERA staff are happy to have Barbara Patrick as a member of the KCERA team.

Profile - Meet the KCERA Staff

This is the first in an ongoing series of articles designed to introduce the dedicated staff at the KCERA office. In this issue, we profile our Executive Director, David J. Deutsch, CFA.

David has served as KCERA's Executive Director since May 1994. Prior to coming to Kern County, David was the pension administrator for the City of El Paso, Texas. David was also a vice president and portfolio manager for an El Paso investment advisory firm for six years.

In addition to his years of experience in the financial industry, David also has an impressive educational history. He graduated Magna Cum Laude from the University of Southern California with a Bachelor of Arts degree in philosophy and pre-med and earned membership in the Phi Beta Kappa academic fraternity. David later earned a Master's degree in Business Administration-Finance from the University of Texas at El Paso. David has also qualified for a Certified Investment Management Analysis Certification and a Chartered Financial Analyst designation.

As Executive Director, David has the responsibility to oversee the KCERA's \$1.6 billion asset portfolio including stocks, bonds, direct investments, and synthetic and currency overlay strategies. Additionally, David oversees the day to day operations of the KCERA office, assisted by fifteen full time and six temporary employees. If all of these responsibilities weren't enough, David also finds time to lend his expertise and knowledge to others through his involvement with the California Association of Public Retirement Systems (CALAPRS). David serves as a trustee on the CALAPRS Board of Trustees, as the CALAPRS curriculum coordinator, and as an instructor for many CALAPRS sponsored classes.

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Please Note: If you do not have sufficient funds in your 457 account to complete the purchase, the 457 Plan Administrator will return the Trustee to Trustee Rollover Form marked Non Sufficient Funds and the purchase will not be completed.

Members must contact the 457 Plan Administrator to verify funds. The Plan Administrator will discuss certain rules with you including the following:

- You must transfer funds to the Guaranteed Government Fund before proceeding with a rollover.
- The Plan Administrator will complete a checklist with you that you should bring to the KCERA office.

If you would like more information about rolling over 457 money to pay for service credit purchases or if you wish to roll funds from a 457 plan not administered by Kern County, please contact the KCERA office to speak with a Service Representative. Questions dealing specifically with Kern County's 457 Deferred Compensation plan should be directed to the Kern County Treasurer-Tax Collectors' Office, attention Susan Leedy, the Great-West Life representative. Susan's number is 661-868-3467.

KCERA Earns National Award

For the second consecutive year, the Certificate of Achievement for Excellence in Financial Reporting has been awarded to the Kern County Employees' Retirement Association by the Government Finance Officers Association of the United States and Canada (GFOA) for its comprehensive annual financial report (CAFR). The Certificate of Achievement is the highest form of recognition in the area of public employee retirement systems accounting and financial reporting, and its attainment represents a significant accomplishment.

An Award of Financial Reporting Achievement has been awarded to the individual, department, or agency designated by the KCERA as primarily responsible for preparing the award-winning CAFR. This award has been presented to KCERA Accountant Sheryl Lawrence.

The CAFR has been judged by an impartial panel to meet the high standards of the program including demonstrating a constructive "spirit of full disclosure" to clearly communicate its financial story and motivate potential users and user groups to read the CAFR.

The GFOA is a nonprofit professional association serving approximately 14,000 government finance professionals with offices in Chicago, Illinois, and Washington, D. C.

Correction

In the July 2002 edition of the Retirement Chronicles, the KCERA's fax number was listed incorrectly on the Retirement Planning Seminar reservation form. The correct fax number is 661-868-3779. We regret any inconvenience this error may have caused.

Of Interest to Our Retirees Tax Withholding Changes

Retirees and beneficiaries receiving a monthly benefit from KCERA need to be aware of some recent changes regarding the treatment of income tax withholding. Northern Trust, the KCERA's paying agent, has made intersystem changes to be in compliance with new Internal Revenue Code regulations. Only those members who have a flat tax dollar amount withheld from their monthly benefit will be affected by this change.

In the past, members were able to choose a flat dollar amount to be withheld for both Federal and State taxes. However, the Internal Revenue Code now only allows flat amounts to be withheld from monthly retirement allowances under limited circumstances. In order to be in compliance, members must now have withholding taxes computed based on their filing status and number of exemptions claimed. If the member desires additional taxes to be withheld after withholding has been computed, the member may then choose an additional flat dollar amount to be withheld.

For members who currently have a flat dollar amount withheld, you do not have to make a change at this time. However, if you need to change your withholding amount for any reason, you will be required to make a designation choosing a filing status and exemptions. Any questions concerning the taxability of your benefits should be directed to your tax advisor. KCERA staff cannot advise you on the taxability of your benefits.

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Return Service Requested



457 Deferred Comp Rollovers are now available for service credit purchases. Contact the KCERA office for more information.

KCERA welcomes a new Board member.

KCERA earns a national award for financial reporting.