



# Retirement Chronicles

News Today About Your Tomorrows

January 2004

Quarterly Newsletter

## Reader Feedback

Contact KCERA at:

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Bakersfield, CA 93301  
Attn: Newsletter Editor

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## Upcoming Events

Retirement Planning Seminar

When: May 20, 2004  
Where: Board of Supervisors'  
Chambers

Contact Wanda Castro at KCERA to make a reservation or use the form on page 3.

Retirement Board Meetings  
Investment Board  
2nd Wednesday each month  
  
Regular Board  
4th Wednesday each month

## Legislation Update

### AB 55

Governor Gray Davis signed Assembly Bill 55 on September 3, 2003. AB 55, also known as the Additional Retirement Credit or ARC bill, would allow active members to purchase up to five years of "additional retirement credit."

AB 55 is a "local option" bill. The Board of Supervisors (BOS) must adopt the provisions of the legislation before it can be available in Kern County.

### SB 274

When Governor Davis signed SB 274 in October 2003, a Deferred Retirement Option Program (DROP) was established for safety members. A DROP allows a member to choose an alternative way to earn retirement benefits in addition to a regular monthly pension payment.

Another "local option" bill, SB 274 must be adopted by the BOS before becoming operational in Kern County.



## Code Section Adopted

On August 26, 2003, the Board of Supervisors adopted Government Code Section 31458.4. The new code section permits an ex-spouse who is entitled to receive a community property share of a KCERA member's benefits, to name a beneficiary in the event that the ex-spouse dies before payments are complete.

Before the adoption of this code section, the ex-spouse was not legally allowed to name a beneficiary to receive continuing payments in the event the ex-spouse died before the member. Continuing payments were previously made to the ex-spouse's estate. Adoption of this code section now allows KCERA to make payments directly to the ex-spouse's named beneficiary.

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# KCERA Retirement Chronicles

## FAQ's

### Q. Can I use vacation and sick leave hours to purchase service credit?

A. Yes. You may rollover unused vacation hours one time only during employment to pay for service credit purchases. At retirement, you may rollover both unused vacation and sick leave hours to pay for service credit purchases. You must apply at least 60 days but no earlier than 90 days before your retirement date. This is a negotiated benefit for Kern County employees and may not be available for Special District employees.

### Q. Will my KCERA membership be affected if I stop working for Kern County and begin working for a Special District that participates in KCERA?

A. Your membership should not be adversely affected by changing KCERA covered employers. However, some negotiated benefits are specific to Kern County employees. For example, you may be required to make retirement contributions with some Special District employers.

You may also have a new KCERA membership date if you do not begin your new employment on the first working day following your termination date. You enter KCERA on the first day of the bi-weekly following your date of hire. As a result, there can be up to two weeks difference between your hire date and your KCERA entry date. Delaying your new employment by more than one working day will cause a break in your retirement service credit.

## Early Retirement Planning

### It's never too early to plan your retirement

Can you afford to retire when you want to?

How much money will you need at retirement to maintain your standard of living?

Will you need additional sources of income to supplement your KCERA benefits?

These are questions you should consider as you plan for retirement. Retirement can be expensive. Early planning can help assure that you will have sufficient funds to maintain your standard of living through out your retirement years.

Many experts estimate you will need between 70 percent to 90 percent or more of your pre-retirement income to maintain your standard of living once you stop working. Knowing what your benefit level will be from KCERA can help you determine if you will need additional sources of income such as:

- ◆ Deferred Compensation
- ◆ Social Security
- ◆ Investments
- ◆ Personal Savings

Early planning allows you to take advantage of the power of compound interest to increase your savings for retirement. Following are some tools for planning your retirement:

◆ **Use the Internet.** A variety of web sites provide free information about retirement planning. A good place to start is by searching for "retirement planning" using your favorite Internet search engine.

◆ **Visit KCERA's web site** at [www.kcera.org](http://www.kcera.org) for information about your KCERA benefits. You can use KCERA's on-line benefit estimator or you can download an Estimate Request form to request a personalized estimate of your benefits from KCERA.

◆ **Visit the Social Security Administration's (SSA) web site** at [www.socialsecurity.gov](http://www.socialsecurity.gov) for information about your social security benefits. Also, watch for your SSA Earnings and Benefit statement each year.

◆ **Take advantage of tax-deferred savings** offered through your employer such as Kern County's 457 deferred compensation plan. Plan information is available on the Internet at [www.kcttc.co.kern.ca.us/kcdcp.asp](http://www.kcttc.co.kern.ca.us/kcdcp.asp). Tax-deferred savings plans allow you to reduce your current taxes while saving additional funds for retirement.

◆ **Attend a retirement planning seminar.** KCERA sponsors retirement planning seminars twice a year for members who will be retiring within three to five years. A video of an early retirement planning seminar, recently sponsored by the County Administrative Office (CAO), is available from the CAO's office.

◆ **Contact a KCERA Service Representative** to discuss any questions you have about your KCERA benefits.



*"To me, old age is fifteen years older than I am."*

*Bernard M. Baruch (1870-1965)*

*Presidential Advisor*

## Benefit Statements in Mail Soon

KCERA will soon mail benefit statements to all active and deferred members. Statements contain information about your benefits for the 2003 calendar year.

Your statement will show your total years of credited retirement service, current retirement balance, and current retirement deduction. Any service credit that you are currently purchasing will not show on your statement.

Please contact KCERA immediately if you any questions about the information in your benefit statement.



*“It’s very hard to take yourself too seriously when you look at the world from outer space.”*

*Thomas K. Mattingly II, Apollo 16 astronaut*

## Sign Up for Retirement Seminar

Use this form to place your name on a reservation list for upcoming Retirement Planning Seminars.

Name		SSN (Last 4 Numbers) XXX-XX-_____	
Address			
City		State	Zip
Home Phone	Work Phone	Dept. Name/Number	
Please add my name to the reservation list for the Retirement Planning Seminar to be held:			
<input type="checkbox"/> May 20, 2004			
<input type="checkbox"/> December 2004 (Date to be announced later.)			
My estimated retirement date is _____.			
Mail this form to: KCERA 1115 Truxtun Ave. Bakersfield CA 93301		Retirement Planning Seminars are designed for members who are within five years of retirement. Attendance at the seminars is limited to approximately 125 people. Make your reservation early to reserve a spot at the next seminar.	
You may also e-mail your reservation to <a href="mailto:servicerep@kcera.org">servicerep@kcera.org</a> or fax your reservation to 661-868-3779.			

## Retiree’s Corner

### Form 1099-R in Mail Soon

Northern Trust will soon mail Form 1099-R tax reporting forms. This important tax document provides information about income taxes withheld from your monthly KCERA allowance. Please keep your Form 1099-R with other important tax documents. If your benefits are not subject to federal and state income taxes, you will not receive a Form 1099-R.

If you have recently moved, please contact KCERA immediately to update your mailing address to avoid any delay in receiving your Form 1099-R. For your protection, all address changes must be submitted in writing. You may send KCERA a letter to change your mailing address or you may download a Change of Address form on KCERA’s web site at [www.kcera.org](http://www.kcera.org). Just click on Address Change Ret/Def under “Form Links” on the right hand menu bar.

### Deposit Your Checks!

Please deposit or cash monthly benefit checks as soon as possible after receipt. Checks not cashed within six months of issuance become stale dated and are canceled. Canceled checks are not reissued until the member contacts KCERA.

### Ventura Update

KCERA staff is working diligently to complete recalculations required as a result of the Ventura law suit settlement. As of the end of November, 66 percent of all files have been completed.



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Return Service Requested



**See inside for an update on new legislation**

**Reserve your spot now for the Retirement Planning Seminar  
scheduled for May 20, 2004**