



Retirement Chronicles

News Today About Your Tomorrows

April 2005

Quarterly Newsletter

Reader Feedback

Contact KCERA

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Upcoming Events

Retirement Planning Seminar

When: May 26, 2005
Where: Board of Supervisors’
Chambers
Reservation form on Page 3.

Retirement Board Meetings

Investment Board
2nd Wednesday each month

Regular Board
4th Wednesday each month

Reciprocity - What is It?

Reciprocity allows public employees changing employment to link together service earned in more than one public retirement system without losing valuable retirement rights and benefits.

When reciprocity is established, you become a member of both systems and are subject to the membership and benefit rights and obligations of each system. Upon retirement, each system pays a retirement allowance based on years of service earned in each respective system. Each system, however, will use the highest average compensation earned from either system to compute your retirement allowance.

Advantages of Reciprocity

◆ **Lower Entry Age** - Each retirement system with established reciprocity will use your age at entry into the first retirement system to determine your contribution rate. A younger entry age means a lower contribution rate.

◆ **Eligibility for Benefits** - Total service credit earned in all reciprocal systems counts towards eligibility for vesting in each system and eligibility for retirement in each system. You must have a total of five years of service to be vested and a total of ten years of service to be eligible for service retirement. At age 70, a member may retire for service regardless of the number of service years. You must retire on the same day from all systems.

Total service credit will also count towards payment of a 2 percent “longevity” benefit when you have 30 years of service.

◆ **Final Compensation** - Each retirement system with established reciprocity will use the highest final average monthly compensation earned under any of the systems to calculate retirement benefits.

Important:

You do not receive any of the advantages of reciprocity until reciprocity is

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KCERA Retirement Chronicles

FAQ's

Q. Will I be paid for my unused vacation and sick leave hours when I retire?

A. Yes, your department will pay you 100 percent of your unused vacation hours. Your sick leave hours will be paid dependent on your years of service:

0 to 19 yrs	50%
20 to 24 yrs	75%
25 or more yrs	100%

Q. Are taxes withheld from my vacation and sick leave payout?

A. Yes, the Auditor-Controller is required to withhold taxes from your final leave payout at the supplemental rate, which is approximately 40 percent.

Q. Is there a way to avoid taxes on my leave payout?

A. You can reduce the taxes withheld from your leave payout by taking terminal vacation and by depositing unused vacation and sick leave hours into the County's 457 Deferred Compensation plan.

Terminal vacation allows you to use up vacation hours and then retire at the end of your vacation. You must apply for retirement and coordinate the use of vacation hours with your department.

At retirement, unused vacation and sick leave hours may be deposited into your Deferred Compensation account on a pre-tax basis. Contact Susan Leedy at 661-868-3467 for information.



Reciprocity - What is It? Continued from page 1

established. To establish reciprocity, contact your previous retirement system to complete necessary paperwork. Your previous retirement system will send an Inter-System Membership Advice to KCERA confirming years of service and date of termination. KCERA will continue to take contributions at the current rate until reciprocity is established. *No contributions will be refunded once reciprocity has been established.*

Eligibility for Reciprocity

- ◆ **You must continue membership** in the first retirement system by leaving your contributions on deposit and deferring your retirement.
- ◆ **You must enter employment** and become a member of the reciprocal retirement system within six months of termination of employment with the first retirement system.
- ◆ **You must terminate employment** with the first system before beginning employment with the reciprocal system. You cannot have concurrent employment with both systems. You are still considered employed if you are running out vacation hours with your previous employer.

Reciprocal Systems

KCERA recognizes reciprocity with:

- ◆ All California counties having a retirement system administered under the County Employees' Retirement Law of 1937,
- ◆ All public agencies participating in the California Public Employees' Retirement System (PERS),
- ◆ All public agencies that have a reciprocal agreement with PERS, and
- ◆ The State Teachers Retirement System.

Questions

Please contact KCERA to speak with a Service Representative if you have any further questions regarding reciprocity. KCERA's pamphlet, "Reciprocity," is available on our web site at www.kcera.org/pdf/br_reciprocity.pdf.

2004 Year-End KCERA Activity Summary

Membership		Member Services	
Active	8,174	Service Credit Purchases:	
Retirees/Beneficiaries	4,676	Calculated	1,234
Deferred/Reciprocal	904	Lump Sum Payments	618
Total Membership	13,754	Payroll Deductions	130
		Withdrawals:	
New Members	623	Vested	35
New Retirees	190	Non-Vested	339
New Beneficiaries	59	Estimates	367

KCERA staff are proud to serve you!

Power of Attorney - Will You Need One?

No one can make changes to your retirement file without your documented consent. If you become incapacitated, a Durable Power of Attorney must be provided that authorizes your Attorney-in-Fact to make changes on your behalf.

All Powers of Attorney are not created equal. A Durable Power of Attorney contains a clause stating that the person you designate as your Attorney-in-Fact may continue to act on your behalf even if you become incapacitated and unable to handle your affairs. A General Power of Attorney does not contain such a clause. Without the durable clause, A General Power of Attorney automatically terminates if you become incapacitated.

If you become incapacitated and you have not already completed a Durable Power of Attorney, a conservatorship must be established before anyone will be permitted to make changes to your retirement file on your behalf.

KCERA does not provide legal advice. You may wish to consult an attorney about the advantages of a Durable Power of Attorney.



Sign Up for Retirement Seminar

Use this form to reserve a seat at an upcoming Retirement Planning Seminar.

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 26, 2005 <input type="checkbox"/> December 2005 (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 ensure a seat at the next seminar.	
You may also e-mail your reservation to servicerep@kcera.org or fax your reservation to 661-868-3779.			

Retiree's Corner

Cost of Living Adjustment

Retirees and beneficiaries will receive a 2.5 percent cost of living adjustment (COLA) effective April 1, 2005. The increased COLA amount will begin with April 30, 2005 benefit payments.

COLA increases apply to annuity, pension, and previous COLA balances. Supplemental Retiree Benefit Reserve (SRBR) amounts do not receive a COLA.

Eighth Member Alternate Role

Retired members of the KCERA elect both a regular and an alternate trustee to the Board of Retirement. The alternate retired trustee can vote as a Board member only if the regular retired trustee is absent.

A change in the law effective this year now permits the alternate retired trustee to participate in Board discussions and serve on Board committees even when the regular retired trustee is present, unless otherwise limited by the Board's regulations. During discussions at its February 9, 2005 Board meeting, the Board fully supported the expanded role of the alternate retired trustee, a position currently held by Norman Briggs.

Mr. Briggs looks forward to the opportunity to more fully serve the retirees and beneficiaries of KCERA.



"When your work speaks for itself, don't interrupt."
 Henry J. Kaiser



2005 Annual Report Included With This Issue

Sign Up for the Next Retirement Planning Seminar

Do You Need a Power of Attorney?

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Return Service Requested