

# Retirement Chronicles

July 2006

## Contribution Rate Changes

Every three years, the KCERA Board of Retirement's actuarial firm, Milliman, Inc. (actuary), performs a study of the plan's experience related to economic and actuarial assumptions used in valuing the retirement plan.

Additionally, the actuary performs an annual valuation of the plan's assets. After examining historical plan experience, and present and future trends, the actuary recommends any changes needed to assumptions used to determine plan liabilities.

### Employee Rate Changes

This year, the actuary recommended changes that directly impact both employee and employer contribution rates. Most of the assumption changes were offsetting to plan liabilities; however, recommended changes to mortality tables was not. For General members, the mortality table was adjusted to increase female life expectancies by 2.3 years. For Safety members, the male life expectancies were increased by 2.4 years. In addition, salary scales were lowered for younger entry ages and slightly increased for higher entry ages.

For both General and Safety members, employee contribution rates slightly decreased for younger entry ages and slightly increased for older entry ages. The increase or decrease in employee contribution rates is less than 1% in all categories. New contribution rates become effective in pay period 2006-14, paid on August 1, 2006.

See "Contribution Rate Changes," Continued on page 2

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## Upcoming Events

### Retirement Planning Seminar

Wednesday, December 6, 2006  
Board of Supervisors Chambers  
1115 Truxtun Avenue, 1st Floor

### 2006 Investment Board Meetings

July 12  
August 9  
September 13

### 2006 Regular Board Meetings

July 26  
August 23  
September 27

Board Meeting Location  
Multi-purpose Room  
1115 Truxtun Avenue, 3rd Floor

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## Retirement Board Elections

Elections will be held in November for the Second and Seventh Members and the Seventh Member Alternate to the Board of Retirement. See story on Page 2 for more information.

# Retirees' Corner

## SRBR 3 Calculations

KCERA has completed calculations for the Supplemental Retiree Benefit Reserve 3 (SRBR 3), a non-vested supplemental benefit that provides 80 percent purchasing power protection for KCERA retirees and beneficiaries.

KCERA annually reviews monthly benefits paid to each retiree and beneficiary using the Consumer Price Index for the Los Angeles area as determined by the Bureau of Labor Statistics and all previous Cost of Living Adjustments (COLA) to determine loss of purchasing power. If KCERA finds that your benefit has lost more than 20 percent purchasing power, your monthly benefit will be increased to bring it back to 80 percent purchasing power.

Each retiree or beneficiary will receive a letter advising whether or not an increase in SRBR 3 benefits is due. Even if you do not receive an SRBR 3 benefit increase now, you will still be eligible for a Cost of Living Adjustment on April 1, 2007.

SRBR 3 benefit increases will be paid July 31, 2006.

## Board of Retirement

John DeMario, **Chair**  
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Brad Barnes  
Phil Franey  
Joseph Hughes  
Jordan Kaufman  
Sharon E. Lesser  
Donald Maben  
Tony Plante  
Norman Briggs, Alternate  
Jackie Denney, Alternate  
Howard Eddy, Alternate

# Contribution Rate Changes

Continued from page 1

## Employer Rate Changes

The actuary also recommended increases to employer contribution rates based on a number of factors:

- **Benefit Enhancement** - The majority of increase in the General category is directly attributable to the adoption of Government Code §31676.17, commonly referred to as 3% @ 60. This resulted in a 6.5% increase to employer contribution rates.

- **2005 Investigation of Experience Study** - The same assumption changes that affected member contribution rates, increased life expectancies and salary scale changes, also affected employer contribution rates, resulting in a slight increase.

- **Capital Markets** - Plan investments earned an approximate return of 8.01%, meeting the plan's assumed return rate of 8% per annum. However, due to the spreading of previous losses into the current year as a result of actuarial smoothing, the realized return was approximately 6.46%, which resulted in a slight increase in employer contributions.

Employer contribution rates determine the percentage of annual payroll that must be paid to KCERA. For example, in Fiscal Year 2006-07, the County will pay approximately \$117 million to fund retirement benefits.

### Fiscal Year 2006-07 Employer Contribution Rates

General County Members .....	30.00%
Safety Members .....	37.69%
Courts .....	26.06%
District Employers .....	30.51% - 33.94%

# Retirement Board Elections

Elections will be held in November for three Retirement Board seats for which the current terms expire December 31, 2006.

The Second member seat is elected by General members; the Seventh Member and Seventh Member Alternate seats are elected by Safety members. All members eligible to vote in this election will receive information from the County Clerk Elections Division, including instructions on filing as a candidate, approximately 60 days before the election.

The actual election will occur on the third Tuesday in November. Ballots will be mailed to all eligible voters approximately 15 days before the election.

Additional information about the Board of Retirement and KCERA's election procedures can be found on our web site at [www.kcera.org/pdf/election\\_procedures.pdf](http://www.kcera.org/pdf/election_procedures.pdf).

# KCERA Wins Achievement for Excellence Award

For the sixth consecutive year, KCERA has been awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association for the Comprehensive Annual Financial Report (CAFR). KCERA Accountant Sheryl Lawrence was presented with the award at the June 14, 2006 Board of Retirement meeting.



The Fiscal/Investment team, from left to right - Debra Lamb, Mark Bellino, Sheryl Lawrence, Pat Johnson, Richard Phipps and Cindy Wilkinson

Although Sheryl is the person primarily responsible for the CAFR's preparation, this award is actually the culmination of team effort throughout the KCERA office. "I couldn't do this each year without the help of our fiscal team," stated Sheryl. Wanda Castro, Marketing and Promotions Associate, also contributed to publishing the CAFR.

KCERA's award winning CAFR can be viewed on the web site at [www.kcera.org/odf/cafr\\_2005.pdf](http://www.kcera.org/odf/cafr_2005.pdf).

## Legislative News - Domestic Partners

New legislation effective January 1, 2006, grants access to lifetime survivor continuance benefits to domestic partners, which were previously available only to surviving spouses. **Eligible retirees may now elect the Unmodified Option to provide a lifetime survivor continuance for their domestic partner.**

### Impact on Retirement Allowance

If you elected the Unmodified Option at retirement, there is no adjustment to your retirement allowance. However, if you chose a modified option, your allowance may be recalculated using the Unmodified Option.

The adjusted retirement allowance becomes effective on the first day of the month following KCERA's receipt of your signed option contract. New benefit amounts will be paid prospectively only.

### Eligibility Requirements

1. You retired on or before January 1, 2006;
2. You named your domestic partner as beneficiary at retirement;
3. You and your domestic partner are registered with the California Secretary of State as domestic partners and you provide KCERA a copy of your Certificate of Registered Domestic Partnership;
4. You and your domestic partner sign KCERA's Declaration of Qualification for Registration as Domestic Partners, which states you would have qualified to register with the state as domestic partners at least one year before your service retirement effective date or at your disability retirement effective date; and
5. You file the KCERA Declaration of Qualification for Registration as Domestic Partners between January 1, 2006 and December 31, 2006. **This opportunity expires January 1, 2007.**

Contact the KCERA office to speak with a Service Representative if you have questions or to request a Declaration of Qualification as Domestic Partners form. The form is also available on-line at [www.kcera.org](http://www.kcera.org).


### Benefit Payment Mailing Dates

July 26, 2006  
August 28, 2006  
September 26, 2006

# Sign Up for Retirement Seminar

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

Name		SSN (Last 4 Numbers)	
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"/> <b>December 6, 2006</b> (Please note date change)			
<input type="checkbox"/> May 2007 (Date to be announced later.)			
Mail reservation form to:  KCERA 1115 Truxtun Ave. Bakersfield CA 93301	You may also e-mail your reservation to servicerep@kcera.org or fax your reservation to 661-868-3779.	Retirement Planning Seminars are designed for members within five years of retirement. Attendance at seminars is limited to approximately 130 people. Make your reservation early to ensure a seat at the next seminar.	


 Prudent investment + quality service  
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 Return Service Requested