

Retirement Chronicles

January 2006

KCERA's Investment Summit



On November 3, 2005, the KCERA Board of Retirement hosted an Investment Summit at the Four Points Sheraton. This special Board Meeting featured presentations from seven of KCERA's Investment Managers and the KCERA's Actuary and Investment Consultant.

"Given that few economists are projecting stock returns above eight percent, or bond returns much above five or six percent, how does a fund like the KCERA generate a sufficient return to improve its funded status over time?" This question, posed by the Board's investment consultant, Michael Schlachter, Wilshire Associates, Inc., was the theme for the day.

"...how does a fund like the KCERA generate a sufficient return to improve its funded status...?"

discuss ways that the KCERA can continue to grow its assets in excess of stock and bond market returns. A number of new investment strategies were discussed, as well as alternative ways of understanding the financial risks involved in any investment portfolio. Over the next several months, the KCERA will examine whether it should adjust certain aspects of its portfolio in order to better meet the future benefit needs of KCERA members.

Karen Steffen, Milliman USA, the Board's Actuary, pointed out that investment consultants focus on the asset mix and potential future returns while actuaries are more focused on the liability costs and funding issues associated with a retirement plan. Steffen then demonstrated a pension projection model that Milliman developed to help manage pension system investments.

Michael Schlachter wrapped up the day by discussing new modeling techniques used in asset-liability studies.

The impetus behind the Investment Summit is KCERA's upcoming tri-annual asset-liability study and asset allocation review scheduled in 2006. Managers were asked to

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Upcoming Events

Retirement Planning Seminar

Thursday, May 25, 2006
Board of Supervisors Chambers
1115 Truxtun Avenue, 1st Floor

2006 Investment Board Meetings

January 11
February 8
March 8

2006 Regular Board Meetings

January 25
February 22
March 22

Board Meeting Location
Multipurpose Room
1115 Truxtun Avenue, 3rd Floor

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FAQ's

Q. Will I receive a Cost of Living Adjustment if I retire on April 1, 2006?

A. If you retire on or before April 1, 2006, you will receive a Cost of Living Adjustment (COLA) on your April 30 retirement allowance.

Q. Does the amount I contribute to KCERA affect the amount I receive at retirement?

A. No. KCERA is a defined benefit plan, which means a formula is used to calculate your monthly allowance at retirement. This formula is based on your membership type (General or Safety), your age at retirement, your years of retirement service credit with KCERA, and your final average salary. Your contributions are important in that they help to fund the retirement benefit you will receive, but your contributions do not impact the amount of your monthly retirement allowance.

Board of Retirement

John DeMario, **Chair**
Claude Fiddler, **Vice-Chair**

Brad Barnes
Phil Franey
Joseph Hughes
Jordan Kaufman
Sharon E. Lesser
Barbara Patrick
Tony Plante
Norman Briggs, Alternate
Jackie Denney, Alternate
Howard Eddy, Alternate

New Board Trustee



Jordan Kaufman

We are delighted to introduce and welcome KCERA's new Board trustee, Jordan Kaufman. Mr. Kaufman faced four opponents in a special election held October 7, 2005 to fill the vacant 2nd Member seat, elected by General members. His term will expire December 31, 2006.

Mr. Kaufman is a Senior Administrative Analyst with the County Administrative Office and is quite active in other areas of County government. He is a past Administrator of Kern County's municipal debt program and served as the Coordinator of the County-wide Americans with Disabilities Act. He is currently the president of the Kern County Management Council and a past president of the American Society for Public Administration. He earned his B.S. degree in Industrial Technology at Cal Poly San Luis Obispo.

Introducing KCERA's New Staff

Sherry Whitbey joined KCERA as a Retirement Services Representative in October 2004. Sherry counsels both active and retired KCERA members about the various aspects of their retirement benefits and assists with processing disability applications.

Before coming to KCERA, Sherry attended Bakersfield College where she majored in Psychology. She also has extensive experience in the medical field.



Sherry Whitbey

Contact Sherry or one of KCERA's other Retirement Services Representatives - Karen Frieson, Vickie Johnson or Laura Ramsey - when you have questions about your retirement benefits.

Benefit Statements in Mail Soon

Benefit statements will soon be mailed to all active and deferred members. Statements contain information about your benefits for the 2005 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 if you any questions about the information provided in your benefit statement.

Understanding Your Defined Benefit Plan

KCERA administers a defined benefit retirement plan for employees of Kern County and participating special districts. The plan provides service retirement, disability, survivor, and death benefits to eligible employees and their beneficiaries. When you retire, your KCERA retirement benefit replaces a substantial portion of the salary you earned while employed. It provides a solid foundation to build other components of your retirement income including Social Security (if eligible), deferred compensation, and other individual retirement savings.

In a defined benefit retirement plan, members receive benefits based on a specific formula set by law. KCERA's retirement plan uses a member's years of retirement service credit, age at retirement, and highest average compensation over a twelve month period. Sources of funding come from employee contributions based on a percentage of your compensation, earnings from the investment of KCERA's assets, and employer contributions.

The percentage of employee contribution varies depending on age of the employee at time of membership. Regardless of the amount the member and employer contribute into the retirement plan, or the amount of investment earnings, your monthly retirement benefit, determined by the defined benefit formula, is guaranteed to continue throughout your lifetime. Further, when you retire you may elect that upon your death, all or a portion of your monthly pension to continue to your spouse for life. Certain benefit options may also provide a survivor continuance to a named beneficiary other than a spouse or to a registered domestic partner.

Typically, your monthly pension payments during the initial year of retirement exceed your accumulated contributions with interest amount at the time you retire. As such, the total benefit paid throughout the lifetime of the member and beneficiary under a defined benefit plan can far exceed the total amount paid by the member. By comparison, the total benefit amount from a defined contribution plan is determined solely by the amount of contributions plus investment earnings in a member's account.

As a KCERA member, you are entitled to a generous formula in your defined benefit retirement allowance. If you have any questions regarding your KCERA benefits, please contact the office for additional information or visit the website at www.KCERA.org.

“As a KCERA member, you are entitled to a generous formula in your defined benefit retirement allowance.”

Retirees' 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 download a Change of Address form on KCERA's web site at 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.

Benefit Payment Mailing Dates

January 26, 2006
February 23, 2006
March 28, 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"/> May 25, 2006 <input type="checkbox"/> December 2006 (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
Kern County Employees'
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