



The Retirement CHRONICLES

A quarterly publication of the Kern County Employees' Retirement Association

EXCESS EARNINGS AND THE SRBR

A unique feature of the KCERA retirement program is how “excess earnings” are used to benefit the retirement system’s various participants.

Excess earnings are those revenues that exceed what the plan expects to earn on its investments each year. (KCERA’s expected investment return, referred to as its actuarial assumption, is currently at eight percent.)

Certain sections of the California Government Code adopted by Kern County provide specific guidelines for how these excess earnings should be distributed.

When excess earnings are available, a portion is used to reduce employer contributions in the form of a Cost-of-Living Adjustment (COLA) contribution credit. If any earnings remain, 50 percent of the balance goes into the Supplemental Retiree Benefit Reserve (SRBR), which pays for retirement benefits above and beyond retirees’ basic al-

lowances. The other 50 percent is credited to KCERA’s active member accounts as interest as well as to plan sponsor accounts, helping to reduce future employer contributions used to fund retirement benefits.

The SRBR currently finances several non-vested benefits to retirees: the \$3,000 death benefit and three additional compensatory benefits—SRBR-1, SRBR-2 and SRBR-3.

The SRBR-1 provides \$35.50 in additional monthly benefit to retirees who were employed prior to July 1, 1994. The SRBR-2 provides tiered monthly stipends to retirees who retired prior to 1985 and met the service requirements. The SRBR-3 ensures that retirement benefits maintain at least 80 percent of their original purchasing power

with each passing year. (See *Retiree’s Corner* on page 3 for more information.)

The SRBR has enhanced KCERA members’ retirement benefits for more than 23 years. But unlike the basic benefit, those financed by the SRBR are not vested, or guaranteed, at retirement.

Rather, they are provided only when the reserve’s funding level permits disbursement to eligible retirees, upon approval of the Board of Retirement. The Board may also modify or delete non-vested benefits at its discretion, although it has taken steps to ensure that SRBR funds will remain available for many years. ■

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Getting to Know Your Board Members

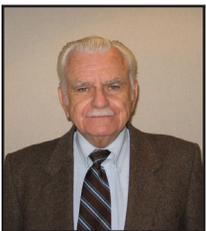
Joining the Board in 2007 were three elected trustees, including alternate safety member Bart Camps. The Board also welcomed veteran trustee Claude Fiddler as its chairman.



Bart Camps

Bart Camps, a 23-year veteran of the Kern County Sheriff's Department, serves as south area night sergeant. In addition to being a Sheriff's Department instructor and member of its off-road enforcement team, he has worked as a patrol deputy, station detective, gang investigator, training officer and patrol sergeant.

Camps is serving his second term as a director for the Kern Law Enforcement Association. He has also held the positions of president and vice president of the Southern Sierra Fat Tire Association and is a member of the Kern County Kennel Club.



Claude Fiddler

Claude Fiddler, appointed by the Board of Supervisors in 2002 to the Fifth Member seat,

serves as the Board of Retirement's Chairman. He also sits on the Board's Disability Application, Facility Assessment Ad hoc and Human Resources committees.

Fiddler spent 33 years as a geology/petroleum engineer with Chevron before retiring. Earlier in his career, he taught geology at Taft College, lectured at USC Petroleum Engineering Graduate School and served as a commander in the Naval Reserve.

In addition, Fiddler has sat on the Boards of Southern Sierra Council Boy Scouts of America, Bakersfield Memorial Hospital Foundation, Westec, Golden Empire Gleaners and Rotary Club of Bakersfield (past president). He earned an A.B. in Geology and two Master's degrees in geology and petroleum.



UPCOMING EVENTS & IMPORTANT DATES

Retirement Planning Seminar

Thursday, December 6
Board Chambers
1115 Truxtun Ave., 1st Floor

Benefit Payment Mailings

July 25
August 27
September 24

Investment Board Meetings

July 11
August 8
September 12

Regular Board Meetings

July 25
August 22
September 26

Board Meeting Location

Multi-purpose Room
1115 Truxtun Ave., 3rd Floor

Frequently Asked Questions

Q: Which factors do you use to determine my retirement benefit?

A: Your retirement benefit is based on your age at retirement, final average compensation (FAC) and retirement service credit. Upon retirement, you will receive a

percentage of your highest FAC based on your age and total years of retirement service credit.

The FAC is calculated using the highest 12 consecutive months of salary. For retirement purposes, average compensation includes

your base pay plus many "special pays," such as longevity pay, uniform allowance and holiday pay. Pay elements *not* included in FAC are overtime pay, employee expense reimbursements and lump sum payouts for accrued vacation, sick leave and overtime.

THREE BOARD SEATS UP FOR ELECTION

An election will be held in November to fill three seats on KCERA's Board of Retirement. The available positions include the *Third Member* seat, elected by general members, and the *Eighth Member* and *Eighth Member Alternate* seats, elected by retirees.

Those elected will serve on the Board of Retirement for a three-year term starting on January 1, 2008.

All KCERA members eligible to vote in this election will receive information, including how to file as a candidate, from the County Clerk Elections Division approximately 60 days before the election.

Additional information about the Board of Retirement and KCERA's election procedures can be found at www.kcera.org.

2006 Investment Performance

KCERA recently had a banner year for investments. The pension fund, which began 2006 at \$2.45 billion, ended the year at \$2.77 billion, due largely to higher-than-anticipated investment gains.

In the 12-month period ending December 31, 2006, KCERA's investment portfolio netted 16.41%, translating to a \$380 million improvement to the fund's overall value. The return exceeded KCERA's assumed actuarial rate of 8.0%, which represents the Board of Retirement's goal of realizing an 8.0% annual return over the life of the fund. The assumed rate of return will ensure sufficient funding levels so KCERA can meet its pension obligations to current and future retirees and their beneficiaries.

Eileen L. Neill, CFA, managing director at Wilshire Associates Inc., KCERA's investment consultant, said: "Strong relative results in the larger asset classes buoyed these annual results. Particular focus on risk management and careful manager selection over the years has produced consistent outperformance."

Over the last 10 years, the fund has outperformed the policy indices of each asset class in addition to the TUCS Public Fund median, which compares investment returns among the nation's public pension funds.

Fund Performance (net of fees) as of December 31, 2006

1 Year	3 Years	5 Years	10 Years
16.41%	12.58%	10.59%	8.99%

RETIREES' CORNER

SRBR-3 Letters

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

To determine loss of purchasing power, 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 as well as all previous Cost-of-Living Adjustments (COLAs). If KCERA finds that your benefit has lost more than 20% purchasing power, your monthly benefit will be increased to bring it back to 80%.

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 this increase now, you will still be eligible for a COLA in April 2008.

The SRBR-3 benefit will be paid on July 31.

Board of Retirement

Claude Fiddler, **Chair**
Brad Barnes, **Vice-Chair**
John DeMario
Jackie Denney
Jeff Frapwell
Joseph Hughes
Mike Maggard
Mark Ratekin
Norman Briggs, Alt.
Bart Camps, Alt.

Sign up for Retirement Seminar

Use this form to reserve a seat at the next Retirement Planning Seminar.

Name		SSN (Last 4 Numbers)	
Address			
City		State	Zip Code
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"/> December 6, 2007 <input type="checkbox"/> May 2008			
Mail reservation form to: KCERA 1115 Truxtun Avenue Bakersfield, CA 93301	You can 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 about 130 people. Make your reservations early to ensure a seat at the next seminar.	


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