

# Retirement Chronicles

News Today About Your Tomorrows / July 2005

## Retirement Options & Your Beneficiary

**W**hen applying for retirement, you have a choice of five retirement options that provide lifetime benefits for you and may provide continuing benefits to a beneficiary after your death.

An overview of each option is contained below. More information is in KCERA's member handbook, "Retirement Benefits Information," available in the KCERA office or on KCERA's web site at [www.kcera.org](http://www.kcera.org).

### Unmodified Benefit Option

The Unmodified Benefit Option provides you with the highest maximum monthly lifetime benefit. Upon your death, 60 percent of your retirement benefit is payable to an eligible spouse, minor child, or registered domestic partner. You must be (1) married for one year prior to your retirement; or (2) married at least two years prior to your date of death and your spouse must be age 55 or older on the date of your death. Benefits are paid throughout the spouse's life, even if the spouse remarries. If you do not have a spouse, the 60% survivor continuance is paid collectively to eligible minor children who are unmarried and under age 18 (or under age 22 and enrolled as full-time students in accredited schools) or (3) registered as a Domestic Partnership with Secretary of State for one year prior to your retirement, or, (4) registered as Domestic Partnership for two years and your partner must be 55 or older on the date of your death. Benefits are paid throughout the partner's life. However if you have a minor child, benefits will be paid to the minor child until your child becomes ineligible. The continuance will then revert to your domestic partner.

If you have no surviving spouse, domestic partner or unmarried minor children, your designated beneficiary will receive a refund of your KCERA member contributions plus interest, less the sum of the monthly benefits paid to you during your lifetime.

### Contact KCERA

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### Upcoming Events

#### Retirement Planning Seminar

Thursday, December 1, 2005  
Board of Supervisor's Chambers  
1115 Truxtun Avenue, 1st Floor

#### Investment Board Meetings

2nd Wednesday each month  
July 13, August 10, September 14  
1115 Truxtun Avenue, 3rd Floor

#### Regular Board Meetings

4th Wednesday each month  
July 27, August 24, September 28  
1115 Truxtun Avenue, 3rd Floor

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# FAQ

## Q. What factors are used to compute my retirement benefit?

A. Your retirement benefit is based on three factors - age at retirement, final average compensation (FAC), and retirement service credit. You will receive a percentage of your highest FAC based on your age and total years of retirement service credit.

## Q. How is the FAC period computed?

A. The FAC is calculated by averaging your highest twelve consecutive months of salary. Compensation for retirement purposes includes your base pay plus many of the “special pay” items that are paid to you in cash on a regular basis; such as longevity pay, uniform allowance, and holiday pay. Compensation for overtime worked that is not part of an employee’s regular work schedule, reimbursement of employee expenses, and lump sum payouts at retirement for accrued vacation, sick leave, or overtime are some of the pay elements that are excluded when calculating the FAC.

## Board of Retirement

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Sharon E. Lesser  
Barbara Patrick  
Norman Briggs, Alternate  
Howard Eddy, Alternate

## Retirement Options & Your Beneficiary

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### Option 1: Cash Refund Annuity\*

Option 1 provides you with a slightly reduced monthly retirement benefit. Upon your death, any remaining member contributions and interest are paid in a lump sum to your estate or to a beneficiary of your choice. The amount of your remaining contributions and interest depends on how long you were retired prior to your death. Each month that you receive a benefit payment, a portion comes from your contributions and interest, which reduces the final balance available for payment to your beneficiary upon your death. There is no survivor continuance with this option. Your beneficiary may be changed at any time.

### Options 2 and 3: Joint and Survivor\*

Options 2 and 3 provide you with a reduced monthly benefit. Upon your death, 100 percent and 50 percent continuance respectively is paid to a named beneficiary having an insurable interest\* for his or her lifetime. The amount of your benefit reduction is based on your beneficiary’s age. The beneficiary cannot be changed for any reason after retirement. Benefits are paid throughout the beneficiary’s life.

### Option 4: Multiple Beneficiaries\*

Option 4 provides you with a reduced monthly retirement benefit. Upon your death, a fixed amount or percentage of your reduced benefit is paid monthly to multiple beneficiaries having an insurable interest\* for their lifetimes. The member specifies how many beneficiaries will share the continuance and what percentage of the continuance each beneficiary will receive.

As with Option 2 and 3, beneficiaries cannot be changed for any reason after retirement. Benefits are paid throughout each beneficiary’s life.

*\*Beneficiaries with an insurable interest may be designated under Option 1, 2, 3, and 4. Due to California community property laws, your spouse may have certain rights over other designated beneficiaries.*

*An insurable interest is defined in California Insurance Code Section 10110.1(a) as follows:*

*“An insurable interest, with reference to life and disability insurance, is an interest based upon a reasonable expectation of pecuniary advantage through the continued life, health, or bodily safety of another person and consequent loss by reason of that person’s death or disability or a substantial interest engendered by love and affection in the case of individuals closely related by blood or law.”*

### Updated Member Handbooks Now Available

KCERA’s comprehensive member handbook, **Retirement Benefits Information**, has been updated for 2005. Copies are available in the KCERA office and on the KCERA web site at [www.kcera.org](http://www.kcera.org).

Pick up an updated copy today.

## KCERA Welcomes Asst. Executive Director



Lee Blair

Lee Blair joined the KCERA staff March 14, 2005 as the new Assistant Executive Director/Investment Analyst. Lee was chosen from a field of qualified candidates after a nationwide search.

Lee brings extensive experience to KCERA. She has worked since 1987 for the Tulare County Employees' Retirement Association. Her responsibilities at TCERA included the financial, investment, and Information Technology operations. Lee holds a B.A. in Management and Organizational Development and a Masters in Administrative Leadership from Fresno Pacific University.

## New Board Trustee



Norman Briggs

Norman Briggs was elected by KCERA's Retired Members to serve as the 8th Member Alternate on the Board of Retirement for a three-year term from January 2005 through December 2007. Mr. Briggs served as the Chief Deputy Registrar of Voters until his retirement from the Kern County Auditor-Controller-County Clerk's office in 2001. He received his B.S. in Business/Industrial Management from San Jose State College, graduated from the

Monterey Language School, is a veteran of the United States Army, and currently serves as President of the Retired Employees of Kern County.

## Retirements Set Record

KCERA staff processed a record number of retirements during the first five months of 2005. The increase in retirement applications was due primarily to the implementation of the 3% at age 60 retirement benefit enhancements for General members on January 1, 2005.

Year	Retirements
2003	198
2004	190
2005 through May	322

We are very proud of the KCERA staff for their remarkable accomplishment of providing quality service to the new retirees during this busy time.

## 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, 2006.

SRBR 3 benefit increases will be paid July 31, 2005.

### KCERA Payroll Increases

Retiree monthly benefit payments increased by approximately \$1.1 million from January to April 2005 with the addition of 299 new retirees. Payroll in April was \$9.5 million.

### Benefit Payment Mailing Dates

July 26, 2005  
August 26, 2005  
September 27, 2005

# 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"/> December 1, 2005 <input type="checkbox"/> May 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 <a href="mailto:servicerep@kcera.org">servicerep@kcera.org</a> 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 125 people. Make your reservation early to ensure a seat at the next seminar.

  
Prudent investment + quality service  
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