



# The Retirement CHRONICLES

A quarterly publication of the Kern County Employees' Retirement Association

## Calculating Your Pension Allowance

KCERA administers a defined benefit plan, which provides a lifetime benefit known as a pension, payable each month to eligible KCERA retirees.

When you retire, KCERA will use the following factors to calculate your pension allowance: age at retirement, total service credit and final average compensation. These factors will then be applied to the retirement benefit formula applicable to you.

### Age at Retirement

It pays to get older—literally. Every quarter-year of age older you are prior to your retirement date increases your age factor, which increases your pension allowance. Age factors increase until age 50 for safety members, age 60 for general Tier I members and age 65 for general Tier II members.

For example, a general Tier I member retiring at age 50 will have an age factor of 0.02. If the member waits until age 60, the age factor will be 0.03.

Your benefit formula—"3% at 50" for safety, "3% at 60" for general Tier I, or "1.62% at 65" for general Tier II—will determine the exact age factors that apply to you.

### Total Service Credit

KCERA looks at your *total* service credit when calculating your pension allowance. This includes service credit you have earned by working and service credit you have purchased (i.e., prior public service or prior county service).

You have the most control over this factor. The more service credit you accrue, the higher your allowance will be.

### Final Compensation

The final factor used to calculate your pension is final average monthly compensation (FAC). At retirement, KCERA will identify your highest 12

consecutive months of pay and use this amount to determine a monthly average.

If you are reciprocal to another retirement system, KCERA will use your highest year of pay in either public agency.

### Benefit Formula

Your benefit formula most impacts your lifetime pension allowance. As noted above, your formula integrates with your retirement age to produce an age factor. Together with your total service credit and FAC, the factors generate a number that represents your monthly pension allowance.

You can estimate your allowance by visiting the KCERA website at [www.kcera.org](http://www.kcera.org) and clicking "Online Benefit Estimator." Estimates may also be requested through the KCERA office. ■

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# The Unmodified Option



## UPCOMING EVENTS & IMPORTANT DATES

At retirement, you will have five allowance options from which to choose: an unmodified option and four modified options.

Your choice is very important, as it will affect the amount of your retirement allowance as well as the continuance of your benefit to an eligible beneficiary.

The allowance option you select is *final* and may not be changed after you have deposited your first retirement check. In light of this, your choices should be carefully considered.

The unmodified option is the most popular among KCERA retirees because it provides the highest monthly allowance throughout your lifetime. This means your basic benefit from KCERA will not be modified or reduced for any reason.<sup>1</sup>

Upon your death, the unmodified option provides a 60 percent continuance of your basic benefit to an eligible spouse or registered domestic partner. Benefits are payable to this person until death. For your beneficiary to qualify for the continuance, you must have been married or registered for at least one year *prior* to your retirement date.

If you remarry/register *after* retirement, you must have been married/registered for at least two years and your spouse/partner must be age 55 or older at your death. The unmodified option is the only retirement option that allows you to name a new beneficiary for a continuance.

For information about other retirement allowance options, the KCERA Member Handbook is available at [www.kcera.org](http://www.kcera.org) or the KCERA office. To schedule an individual counseling session, please call (661) 868-3790.

<sup>1</sup> The “basic benefit” is determined by your age at retirement, total years of service credit, final average compensation and benefit formula. It does not include cost-of-living adjustments, SRBR benefits or the temporary annuity.

### Facts at a Glance ...

#### The unmodified option offers:

- Highest monthly allowance
- 60% continuance
- Ability to name new beneficiary for continuance

#### Investment Board Meetings

October 8  
November 19 (combined)  
December 10 (combined)

#### Regular Board Meetings

October 22  
November 19 (combined)  
December 10 (combined)

#### Benefit Payment Mailings

October 28  
November 24  
December 26

#### Retirement Planning Seminar

Thursday, December 4  
Board Chambers  
1115 Truxtun Ave., 1st Floor

*The Board of Retirement meets at 1115 Truxtun Ave. in the multi-purpose room located on the third floor.*

## Frequently Asked Questions

**Q:** Can I purchase service credit just before retirement?

**A:** Some prospective KCERA retirees wait until the last 60 days of their employment to buy service. But with the high volume of applications received at certain times of

year, KCERA may have difficulty accommodating last-minute purchase requests. It is best to plan service purchases many months, even years, in advance. Additionally, unless a purchase is completed by a member's retirement date, it is not credited to his/her account.

We strongly encourage members to apply for service purchases long before their retirement date. This affords plenty of time to pay for the service using payroll deductions, which can extend up to five years, depending on the type and amount of service being purchased.

## WHAT SERVICE PURCHASES CAN'T DO

Purchasing prior service credit is a great way to increase your retirement allowance. When you retire, KCERA will combine the service credit you have earned by working and that which you have purchased to calculate your pension.

Buying prior County service also counts toward your retirement vesting (5 years of service credit) and retirement eligibility (10 years of service credit).

These are valuable benefits that you may already know about. But there are a few mistaken beliefs about purchasing service credit that KCERA wishes to clarify.

- It *does not* help accrue sick leave or vacation time.
- It *does not* count toward eligibility for the County's retiree health supplement.
- It *does not* lower your KCERA entry age or contribution rate.

If you have any other questions about purchasing retirement service credit, please contact the KCERA office at (661) 868-3790.

For more information about the County's retiree health supplement, please call Health Benefits at (661) 868-3182.

## KCERA Wins 8<sup>th</sup> CAFR Award

For the eighth consecutive year, the Government Finance Officers Association has awarded KCERA the *Certificate of Achievement for Excellence in Financial Reporting* for its 2006-07 Comprehensive Annual Financial Report (CAFR).

The GFOA certificate is the highest form of recognition in governmental accounting and financial reporting.

"This award represents the collective efforts of several members of the KCERA staff," said Sheryl Lawrence, KCERA's financial officer, who is primarily responsible for the CAFR's preparation.

"I could not prepare the report each year without the help of our fiscal, information technology and marketing staff."

KCERA's 2006-07 CAFR can be viewed at [www.kcera.org](http://www.kcera.org).



(L-R) Josiah Vencel, Nicole Pannell, Sheryl Lawrence, Pat Johnson, Cindy Wilkinson, Craig Silver

## RETIREES' CORNER

### Retiree Satisfaction Survey Results

KCERA is very grateful to the 529 retirees and beneficiaries who completed the Retiree Satisfaction Survey in the spring. Your responses and comments will be useful as we strive to further enhance services for our members.

Here is a sampling of the average satisfaction scores, based on a scale of 1 to 5 (with "5" being the highest score):

<i>Timeliness of Receiving Payments</i> .....	4.41
<i>Courtesy of Staff</i> .....	4.26
<i>Overall Service Provided</i> ...	4.10
<i>Quarterly Newsletters</i> .....	4.09
<i>Ease of Use of Website</i> .....	3.99
<i>Accessibility to Forms and Brochures on Website</i> .....	3.90

Again, thank you for taking the time to participate in our survey!

## 2008 BOARD OF RETIREMENT

Brad Barnes  
*Chair*

Joseph Hughes  
*Vice-Chair*

Norman Briggs  
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Robert Jefferson

Mike Maggard  
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Bart Camps, Alt.  
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# 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 4, 2008		<input type="checkbox"/> June 2009	
Mail reservation form to: KCERA 1115 Truxtun Avenue Bakersfield, CA 93301	You can 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 <i>five years</i> 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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