



Thinking of Changing Jobs?

4 Things to Keep in Mind

It is normal to consider changing jobs or accepting a new position at various times in your career. The County even encourages departmental transfers/promotions through certain employment policies and practices. If and when the time comes to change jobs or accept a promotion—whether within the County system, a KCERA special district (including the Kern County Superior Court) or beyond—here are a few retirement-related tips to keep in mind.

1. Your benefit tier could change. The Public Employees Pension Reform Act of 2013 (PEPRA) created new rules concerning the membership and benefits of “new members,” as defined in the statute. Even if you do not meet the statutory definition of “new member,” some portions of PEPRA may affect your benefit tier (i.e., move you from Tier I to Tier II) depending on which new employer you select.

2. New MOU terms could affect you. When you accept a new job, such as a promotion, you may be subject to the terms of a different MOU. Because MOUs contain specifically negotiated benefits, the MOU terms applicable to your new position may impact your retirement contribution rate and required contributions.

3. Contact KCERA with questions. PEPRA is very complex, as are MOU terms. All of their provisions cannot be completely and comprehensively described in this newsletter. There are many other scenarios that could apply to you, each with a potential impact on your retirement benefit.

To help you navigate these complex waters, please call KCERA if you have questions about whether your job change or promotion may affect your retirement benefit or retirement contribution rate. Even though your co-workers or new employer might possess some knowledge about retirement matters, it is best to address your questions directly to KCERA.

4. Complete a disposition form. When you terminate employment, KCERA will mail you a Disposition of Retirement Contributions form within a few weeks. If you intend to remain a KCERA member, you must elect to keep your retirement contributions on deposit with KCERA (i.e., defer your retirement or establish reciprocity). Electing a refund or rollover of your funds would terminate your membership and eligibility to draw retirement benefits.

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KCERA Welcomes Trustees to the 2016 Board

KCERA welcomed three trustees—including two new faces—to the 2016 Board of Retirement. These individuals, who will each serve a three-year term, will join the nine-member board in overseeing KCERA's \$3.6 billion fund.



Susan Wells was elected by general members to serve as the board's Second Member. Mrs. Wells is the Hospital Volunteer and Auxiliary Services Director at Kern Medical, where she previously served as the Human Resources Director. She spent five years as the County's Employee Relations Officer and chief negotiator, and two years as the Deputy Employee Relations Officer. She also served in various administrative positions for the County Administrative Office and the Department of Human Services.



Thad Kennedy was appointed by the board in lieu of an election to serve as the Alternate Seventh Member, representing safety members. Mr. Kennedy is the Probation Division Director of the Kern Crossroads Facility. Since joining the Probation Department in 1997, he has served in many administrative, supervisory, training and enforcement capacities, most recently as the Probation Division Director of Juvenile Hall and the Probation Division Director of Camp Erwin Owen.

To learn more about KCERA's board members, please visit www.kcera.org.



Rick Kratt was appointed in lieu of an election to the board's Seventh Member. Mr. Kratt has served on the board since 2013, including a year as Chairman of the Investment Committee. He is a 16-year veteran of the Fire Department, having also worked a year as a firefighter for the Arrowhead Hotshots. Mr. Kratt will be graduating in May 2016 with his MBA from the USC Marshall School of Business.

*KCERA offers its sincere thanks to departing trustees **Dominic Brown** and **Gayland Smith**. Special recognition is due to Mr. Brown for serving as Chairman of the Board in 2015.*

faq

If Box 2b "Taxable amount not determined" is checked on my 1099-R, does this mean my retirement benefit is not taxable?

No, it is taxable. KCERA checks that box because you retired during a time (between 1986 and November 1996) when the IRS allowed retirees to elect different methods for calculating the recovery of their post-tax contributions ("basis").

KCERA is not aware of how you have been recovering your basis, so it checks Box 2b "Taxable amount not determined" to reflect that it is not able to reasonably ascertain the data needed to compute the taxable amount of your benefit.

June Seminar Is Coming Up!

KCERA's next retirement planning seminar is scheduled for June 23, 2016. The semi-annual event brings together speakers from KCERA, Health Benefits, Deferred Compensation, Social Security and the Retired Employees of Kern County (REOKC). Speakers present information about their respective areas to members planning to retire in the next few years.

Historically, KCERA limits the number of attendees to 120 members, each of whom can bring one guest (e.g., spouse) to the seminar. Because space is limited, KCERA restricts attendance to members who plan to retire within the next three (3) years. This practice ensures that those who need the seminar most are given priority.

Even if you don't attend the June seminar, you have several other options to help in your retirement planning. For example, you can contact a KCERA services representative at 381-7700 to walk you through the retirement process. These knowledgeable employees cover the same retirement information addressed during the seminar, plus they can run benefit estimates based on your unique situation. Or, you can use KCERA's online benefit estimator if you prefer to generate your own estimates.

Another option to help you plan is to watch a previously recorded e-seminar. You can also visit www.kcera.org to read the many webpages devoted to educating you about KCERA and retirement planning.

To those of you who are within three years of retiring, we hope to see you at the June 23 seminar. In a few months, KCERA will distribute an email notice about the seminar to active members. *However, if you do not receive countywide emails and you are within three years of retiring, contact KCERA to sign up.*

If you are unable to attend in June, there will be other opportunities, as KCERA will continue to hold retirement seminars on a semi-annual basis. Until you can attend, please take advantage of KCERA's other resources so that you are ready to retire when that great day arrives!

UPCOMING EVENTS

KCERA Seminar:

June 23

Board Meetings:

Feb 10

Mar 9

Apr 13

Investment/Regular Board meetings are scheduled on the second Wednesday of each month at 8:30 a.m.

The public is invited to attend. Board meeting agendas are available at www.kcera.org.

The Board of Retirement meets in the KCERA Board Room located at 11125 River Run Blvd., Bakersfield, California 93311.

FORM 1099-Rs MAILED

KCERA mailed Form 1099-Rs to retirees at the end of January. This is an important tax document that provides information about your distribution and federal and state income taxes withheld from your monthly KCERA benefit. Please keep this form with other important tax documents.

If you received multiple Form 1099-Rs, it is because in 2015 your tax jurisdiction changed, your distribution code changed or you received multiple distribution types (e.g., you moved out of California, you turned age 59½, or you received a death benefit and a pension benefit). If your entire KCERA benefit was *not* subject to income tax, you did not receive a Form 1099-R.

Retiree News

Terminal Illness & Survivorship Benefits

If you are an active member who has a terminal illness, there are steps you can take now to ensure your designated beneficiary receives the most survivorship benefits possible following your death.

The benefits available will depend on your years of service and retirement eligibility.

The beneficiary of a nonvested KCERA member (i.e., not having more than five years of retirement service credit) is only entitled to a refund of your retirement contributions plus one month of salary for each year of completed service, up to six months' salary.

Vested KCERA members who are *not* yet eligible to retire for service can apply for a nonservice-connected disability retirement, which pays 20 to 40 percent of your final average monthly compensation, depending on your years of service. In this situation, you can choose among a few retirement options for your surviving beneficiary.

If you are vested and eligible to retire for a normal service retirement, you and your beneficiary may have other retirement options available, depending on your years of service. KCERA can discuss these alternatives with you in detail.

If you fear that your illness might incapacitate you before you can file for a nonservice-connected disability

retirement or a service retirement, please consider obtaining a durable power-of-attorney (POA). This legal document allows you to appoint an agent in advance to handle (among other things) your financial matters, including retirement decisions. The POA should specifically address the agent's ability to take action(s) related to your KCERA retirement.

However, if you become incapacitated *before* a POA can be signed, a third party can petition the court for conservatorship over your estate. Like a POA, Letters of Conservatorship will allow the conservator of your estate to make retirement decisions on your behalf as long as the power to make such decisions is specifically addressed in the Order and Letters of Conservatorship.

If you have a POA or conservatorship of your estate, please provide these documents to KCERA promptly. Moreover, if you have a terminal illness, please contact KCERA *right away* to review your retirement decisions and survivorship options.

Kern County Employees'
Retirement Association
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