

"IT'S THE ECONOMY, STUPID!"

-James Carville

We have all read the news headlines over the past twelve to eighteen months:

Unemployment Rises ~ Stock Market Falls ~ Gasoline Prices Spike ~ Home Prices Collapse

Members have contacted VCERA questioning the impact of these events on their retirement benefits. Frequently asked questions include:

- Is there enough cash available to pay current retirement benefits?
- What were the plan's losses in 2008 and how do the current market conditions affect my future retirement benefit?
- How are VCERA's assets invested?

VCERA's cash requirements include payments of monthly pension benefits, contribution refunds to members who have terminated employment with the County of Ventura and contracting Special Districts, and administrative expenses. Cash balances are monitored regularly and maintained at levels to meet VCERA's on-going obligations. In a typical year, about 5% of VCERA's total assets are used to pay retirement benefits, refunds and administrative expenses, leaving 95% of the assets invested to meet our future retirement obligations.

Plan investment losses in 2008 were 30.7%, as global equity markets fell by more than 40%, real estate markets were down 35% and fixed income (bond) markets suffered through one of their worst years in history.

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VCERA Administration

Tim Thonis, Administrator
Henry Solis, Fiscal Manager
Brenda Cummings, Operations Manager



Comments and suggestions are welcome and may be submitted via the VCERA website or by phone at (805)339-4250.



Website: www.ventura.org/vcera

Members of the Board of Retirement

Tracy Towner, Chairman

Elected by Safety Members

William W. Wilson, Vice Chairman

Appointed by Board of Supervisors

Lawrence L. Matheney, Treasurer

Ex-officio Member

Karen Becker

Elected by General Members

Peter C. Foy

Appointed by Board of Supervisors

Arthur E. Goulet

Elected by Retiree Members

Robert Hansen

Elected by General Members

Albert G. Harris

Appointed by Board of Supervisors

Joseph Henderson

Appointed by Board of Supervisors

Chris Johnston

Alternate Elected by Safety Members

Will Hoag

Alternate Elected by Retiree Members



Board of Retirement Meetings are held
on the first and third Monday
of the month at 9:00 a.m.

BOARD OF RETIREMENT NEWS

Three member representatives and two alternate member representatives were reelected to the Board of Retirement in 2008. In July, Tracy Towner was reelected as VCERA's Safety Member representative with Chris Johnston reelected as the Safety Member alternate. Karen Becker was reelected as a General Member representative in October. Art Goulet and Will Hoag ran unopposed in November for the Retired Member and alternate Retired Member seats. All will serve three-year terms.

Additionally, Albert Harris and Joseph Henderson were reappointed by the Board of Supervisors to serve three-year terms as public members of the Board of Retirement.

VCERA's Board of Retirement is comprised of three members elected by the active (employees) members, one member elected by the retired members, four member appointees of the Board of Supervisors and the Treasurer-Tax Collector. There are also two alternate members who represent the Safety and Retired members when the elected member is not present during a meeting.

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Investment performance has no impact on vested benefits paid upon retirement because retirement benefits are calculated based upon a formula that includes age at retirement, final compensation and years of service. The County of Ventura bears the risk of investment performance and changes in the employer contribution rates reflect the investment performance earned by VCERA's investment portfolio.

VCERA's current targeted investment allocation is:

Domestic Equity (stock)	40%
International Equity	18%
Global Equity	7%
Fixed Income (bonds)	27%
Real Estate	8%

ARE YOUR AFFAIRS IN ORDER?

What is the state of your affairs? What happens if you pass away and your family members are left to struggle with expensive and confusing legal protocol? One of the best gifts you can give to your loved ones is to have your personal, financial and legal affairs in order to avoid placing this responsibility on your family during an already difficult time. VCERA always encourages you to acquire professional estate planning advice, so here are a few questions to help you get started:

Who is designated as your financial power of attorney? A durable power of attorney gives someone you trust the authority to make financial decisions for you if you become incapacitated. The durable power of attorney can be made effective immediately, or upon physician's certification of your incapacitation. This authority ceases upon death, or sooner if marital circumstances change.

Who is designated as your durable power of attorney for health care? Similar to the above, a durable power of attorney for health care is someone you designate to handle all of your health care decisions in the event you are unable to communicate your preferences.

Do you have an advanced directive? An advanced directive indicates what type of medical treatment you may or may not want in the event that you are unconscious or unable to communicate. Some advanced directives include the designation of the durable power of attorney for health care.

Have you considered a will or a trust? It is advisable for you to decide who will inherit your property and assets in a will, and to appoint an executor to carry out these wishes. This is especially important if you have minor children, as you should elect a guardian to raise them in the event both parents are unavailable.

Probate is both time intensive and costly. If your assets are placed in a trust, then your family may be able to avoid the probate process, and begin asset distribution more promptly. In addition to avoiding probate, a trust may also assist in reducing estate taxes, depending on the size of the estate.

Is your life insurance enough? A life insurance policy can be advantageous to family members, as it allows them access to cash so that your financial obligations can be met. Expenses such as funerals, taxes, or other debts can be very steep. It is a good idea to make a quick assessment of your financial situation to determine how much money would be needed upon your death, and then review your insurance policy to make sure it is sufficient.

Have you designated beneficiaries for bank accounts and retirement benefits? Even if you have previously submitted beneficiary forms to banks and/or retirement departments, it is a good idea to make sure the information is current and accurate. Be careful that you have correctly identified the priorities of beneficiaries and that the percentages for each priority total 100%. If you have any life event changes such as divorce, marriage, death of a beneficiary, it is important that a new form be submitted to the proper institutions. You may access VCERA's beneficiary forms on our website, or by calling (805)339-4250.

Does your family know your wishes regarding funeral arrangements? As difficult as this might be to talk about, it is important that you discuss funeral details with your loved ones to make your wishes known. It is also a good idea to find out what funeral costs are today to determine the amount of money you will need to make available to your family. You may want to consider setting up a trust through your bank to prefund these expenses.

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ARE YOUR AFFAIRS IN ORDER?

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Does the person handling your affairs know where to locate important documents? Some of the most needed documents are as follows:

- Will
- Trust
- Insurance policies
- Real estate deeds
- Certificates for stocks, bonds, or annuities
- Information on bank accounts, mutual funds, and safe deposit boxes
- Information of retirement plans and deferred compensation accounts
- Information on debts (mortgages, loans, credit cards, taxes, etc...)
- Copies of recent tax returns
- Funeral arrangement instructions
- List of all contacts for the above

SIGN UP FOR DIRECT DEPOSIT

It's safe... It's fast... It's easy!

VCERA ENCOURAGES USING DIRECT DEPOSIT BECAUSE...

- It's **SAFE** - Your check cannot become lost, stolen, or delayed in the mail.
- It's **FAST** - Your pension is credited into your account on time, every month.
- It's **EASY** - Your pension check is automatically deposited to your account, whether you're at home or on an extended vacation.
- You can track it - You will continue to receive a statement in the mail each month showing the amount of your benefit payment.

STARTING DIRECT DEPOSIT IS SIMPLE...

To begin direct deposit of your pension, complete an Authorization Agreement for Automatic Deposits form and submit it to the VCERA office. Forms may be obtained on the VCERA website at www.ventura.org/vcera or by calling (805)339-4250.

IF YOU DECIDE TO CONTINUE RECEIVING PAPER CHECKS...

Please remember to deposit or cash paper checks in a timely manner. Checks outstanding for more than 180 days become stale and must be reissued in order to be honored by your financial institution.

PROPOSED TAXATION SURCHARGE ON PENSION INCOME – THE McCAULEY PENSION RECOVERY ACT

The McCauley Pension Recovery Act (McCauley II) would be the result of the passing of a proposed State of California statutory initiative related to the taxation of pension income. The initiative would establish new taxes on pension income beginning in 2010 and includes a surcharge in addition to the existing State tax liability for pension income over \$40,000 (see the chart below) and an excise tax on the “fair market value” of vested pension benefits from California employers that are received by nonresident taxpayers and by people who move out of state.

PROPOSED PENSION INCOME SURCHARGE	
<u>Taxable Pension Income</u>	<u>Surcharge</u>
Under \$40,000	- 0 -
\$40,000 to \$50,000	\$5,000 + 20 percent of pension income over \$40,000
\$50,000 to \$75,000	\$7,000 + 35 percent of pension income over \$50,000
\$75,000 to \$100,000	\$15,750 + 40 percent of pension income over \$75,000
\$100,000 to \$150,000	\$25,750 + 50 percent of pension income over \$100,000
Over \$150,000	\$50,750 + 60 percent of pension income over \$150,000

VCERA encourages you to consider this issue carefully should it become a future ballot initiative.

RETIREE PAY DATES

Pension checks are mailed out or direct deposited on the last business day of each month.

The retiree payroll dates for the remainder of 2009 are:

June 30, 2009
 July 31, 2009
 August 31, 2009
 September 30, 2009
 October 30, 2009
 November 30, 2009
 December 31, 2009

ADJUSTMENTS TO TAX WITHHOLDINGS

In recent months, you may have noticed the amount of Federal and State taxes withheld from your retirement check has changed. In March, the Federal tax withholding tables changed providing additional take-home pay for those retirees who utilize the tax tables in determining withholding amounts. In April, the California state tax withholding tables changed and retirees who utilize those tables will notice an increase in the amount of state taxes withheld from their retirement checks. Retirees who utilize fixed deduction amounts will not have seen any changes.

Retirees who utilize the Federal and/or State tax withholding tables to determine the amount of taxes withheld from their monthly retirement check may need to make adjustments. It is advised for those retirees to consult with their tax preparation professionals to decide if an adjustment is necessary. If you need to make a change to your Federal or State tax withholdings, complete a Federal and California State Tax Withholding Request form and submit it to VCERA. Forms may be obtained on the VCERA website at www.ventura.org/vcera or by calling (805)339-4250.

ARE YOUR AFFAIRS IN ORDER?

Oftentimes we are so busy in our work lives that we forget to take care of important personal business. Designating beneficiaries can greatly assist your loved ones if something were to happen to you. It is a good idea to keep your beneficiary information current and to submit new beneficiary forms when/if you experience life-changing events. If your beneficiary information has not changed, then you do not need to submit a new form. Please contact your agency's Human Resource Representative for forms pertaining to County of Ventura benefits, and visit VCERA's website at www.ventura.org/vcera for forms regarding retirement benefits. If you do not have access to a computer, then you may call VCERA directly to request a beneficiary form at (805)339-4250.

RETIREMENT PLANNING WORKSHOPS

VCERA is happy to announce that Retirement Planning workshops continue to be offered to our members **within five years of retirement.**

Topics covered in the workshops are:

- 401 (k) and 457 Plan options after you leave County service.
- Retirement income planning.
- County medical, dental and vision plan options through County Human Resources.
- Thorough explanation of benefits available through VCERA.
- Eligibility for Social Security Benefits and the Windfall Elimination Provision.
- Life Adjustments after retirement.

Upcoming workshop dates for 2009:

- Tuesday, August 4th, from 8:00 a.m. – 5:00 p.m.
County Hall of Administration, 800 S. Victoria Ave., Ventura, Lower Plaza Assembly Room
- November 4th, from 8:00 a.m. – 5:00 p.m.
Human Services Agency, 855 Partridge Dr., Ventura, Pepper Tree Room

If you are within 5 years (ideally no more than 3-4 years for General Tier 2 or 1-2 years for Safety or General Tier 1) of your retirement date, and you are interested in attending a future retirement planning workshop, complete the sign up form on page 7 and submit it to VCERA, Attn: Brenda Cummings. Spaces are filled on a first-come, first-served basis.

Please note, these workshops are for informational purposes only. You are not required to attend a workshop in order to retire. To discuss topics presented by VCERA in the retirement planning workshops on an individual basis, please contact our office at (805)339-4250 and ask to speak with a Retirement Specialist or make an appointment to come into the office.

Questions concerning Deferred Compensation should be directed to (805)654-2620. Questions concerning Retiree Medical Benefits should be directed to (805)662-6791.

RETIREMENT BENEFIT CALCULATOR

Did you know that there is a Retirement Benefit Calculator on the VCERA website? Just enter your retirement plan, age, years of service and final average compensation and the calculator will give you the estimated monthly retirement benefit.

Your current biweekly compensation for retirement purposes shows on your paystub under Employer Paid Benefits as Retirement Earnings Final. Your compensation for retirement purposes includes all cash payments you receive (base pay and incentives), as well as the amount of your flexible credit allowance and employer-paid employee retirement contributions. Overtime, other than regularly scheduled, and employer contributions to your deferred compensation account are not included. You will need to convert the retirement earnings final figure on your pay stub to a monthly amount by multiplying by 26 then dividing by 12. At retirement, an average of your highest consecutive (usually final) 12 months for General Tier 1 and Safety or 36 months for General Tier 2 will be used for the final average monthly compensation.

SERVICE PURCHASE REMINDER

If you are planning to purchase additional retirement service due to a previous Ventura County membership, public service, extra-help service prior to January 1, 1992, or medical leaves of absence, it is best to initiate this far in advance of your retirement. Since interest is calculated on the contributions that you will be paying, it is to your advantage that you purchase service as soon as possible to avoid paying additional interest. It is **not** advisable to request service purchases at the time of retirement due to payroll processing restraints.



Please place me on the list to attend a RETIREMENT PLANNING WORKSHOP

Please **PRINT** the following information:

Name: _____

County Employee ID Number or SSN: _____

Anticipated Date of Retirement: _____

Home Telephone Number: _____

Work Telephone Number: _____

Please Include Your Email Address *ONLY If*
We May Use It to Contact You. _____

Submit form to:

VCERA, Attn: Brenda Cummings
1190 South Victoria Avenue, Suite 200,
Ventura, CA 93003-6572

SUMMARY OF VCERA'S \$27.50 RESERVE ACTIVITY

In January 2008, The Board of Retirement (Board) voted to transfer \$4.7 million of the funding previously set aside to pay the \$27.50 monthly supplemental benefit in order to continue paying the STAR COLA (Supplemental Targeted Annuity Replacement) benefit to eligible retirees. In addition to approving the transfer, the Board expressed its intention to replenish the transferred amount with undistributed earnings at the earliest possible date.

As of June 30, 2008, there was \$95.9 million in undistributed earnings available for allocation in accordance with the Board's interest crediting policy. The June 30, 2008 semi-annual interest crediting period was the first opportunity for the Board to consider the replenishment of the \$27.50 reserve. The Board deferred action on the transfer in September 2008 until consideration of VCERA's annual actuarial valuation scheduled in January 2009.

After adopting the annual actuarial valuation at its January 26, 2009 business meeting, the Board considered a motion to transfer \$4.7 million from undistributed earnings to replenish the \$27.50 reserve. The motion failed on a 4-4 vote. At its February 3, 2009 disability meeting, after voting to reconsider the item, the Board passed a motion to transfer the \$4.7 million on a 5-3 vote.