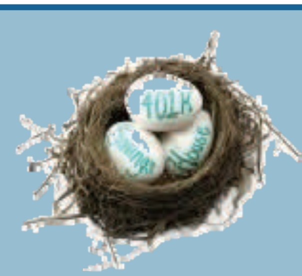
VCERA News - Winter 2012

For our active and retired members



Ventura County Employees' Retirement Association

In this Issue

VCERA Welcomes Donald Kendig

Donald C. Kendig, CPA joined the Association in early March as the Retirement Administrator. Kendig holds a Bachelor's degree in Business Economics from UC Santa Barbara. He has attended various investment and pension management programs at UC Berkeley, the Wharton School of Business at the University of Pennsylvania, and Stanford Law School.

Previously, he was the Chief Financial Officer for the Santa Barbara Air Pollution Control District, since 2004, and before that, he was a financial systems analyst in the Auditor-Controller's office in Santa Barbara County.

He has also worked as a budgetary analyst for the Santa Barbara County Chief Executive Officer, and as an Administrative Analyst for the Santa Barbara County Superior Court. He started his government service career as an Accountant-Auditor reviewing financial statements for the County of Santa Barbara and auditing various special districts operating within its borders.

Said Kendig, "It's the opportunity of a lifetime for me. I'm young in my career, and this is a tremendous opportunity to serve and stretch my abilities." He definitely will be stretched with the implementation of a multi-million dollar pension administration system, the implementation of the public employees' pension reform act of 2013, and numerous personnel changes. Kendig remarked, "Bringing out the best in the Board and in my staff will be my biggest love and my biggest challenge. If I can succeed at that, all of the other challenges we will face together will be that much more manageable."

VCERA at a Glance

ACTUARIAL INFORMATION (as of 6/30/2012)

ACTIVE MEMBERS
Safety – 1,490; General – 6,529; Total – 8,019

RETIRED MEMBERS AND BENEFICIARIES
Safety – 1,190; General – 4,468; Total – 5,658

VESTED TERMINATED MEMBERS
Safety – 270; General – 1,891; Total – 2,161

ALL MEMBERS
Safety – 2,950; General – 12,888 Total – 15,838

ACTUARIAL ACCRUED LIABILITY (AAL)	$4,373,227,000
VALUATION VALUE OF ASSETS (VVA)	$3,411,149,000

BUDGETARY INFORMATION (for 2012-13)

ADMINISTRATIVE	
Salaries & Benefits	$ 2,483,200
Services & Supplies	1,223,700
TECHNOLOGY	2,534,400
CONTINGENCY	596,600
TOTAL BUDGET	$ 6,837,900
TOTAL STAFF	20 full time & 2 fixed term

INVESTMENT INFORMATION (as of 6/30/2012)

U.S. EQUITIES	$ 1,196,073,000
NON-U.S. EQUITIES	531,185,000
GLOBAL EQUITIES	267,070,000
FIXED INCOME	889,907,000
REAL ESTATE	283,213,000
PRIVATE EQUITY	26,877,000
OVERLAY	4,564,000
TOTAL FUND (Market Value of Assets)	$ 3,198,889,000

Quote:

Coming together is a beginning. Keeping together is progress. Working together is success.

-Henry Ford

A Word from the Administrator

Donald C. Kendig CPA
Retirement Administrator

Dear members of the Ventura County Employees' Retirement Association (VCERA),

I am honored to be your Retirement Administrator. I joined the team in early March, and I apologize for not addressing you sooner. I have hit the ground running, running very fast, and I have focused on mastering critical administrative functions and filling vacancies, in order to provide the foundation needed for long term success.

VCERA has experienced staffing shortfalls averaging 20 to 25%, and more, over the last 12 to 24 months and has been doing everything possible to maintain momentum. Dedicated resources for a semi-annual newsletter and other VCERA communications need to be located, and one position still needs to be filled. Key administrative and operational personnel have retired and the institutional knowledge has to be rebuilt, and fortunately, the Board of Retirement has been the anchor of stability through it all. We will grow and learn together. VCERA has a wonderful mission committing to provide retirement, death and disability benefits to our members and their beneficiaries in an accurate and timely manner, while also striving to project a positive image by the delivery of services to our members, their beneficiaries and all other stakeholders, in a courteous and professional manner. In line with the mission and in keeping true to my value of continuous improvement, I developed a vision for VCERA. It is, "for VCERA to be the model of excellence for public pension plans around the World." This vision will guide my actions and recommendations, and will filter my view of the challenges we face. Speaking of challenges, aside from staffing mentioned previously, VCERA is implementing pension reform legislation and a multi-million dollar pension administration system.

This is a preliminary summary of Pension Reform Act of 2013, and details may change as analysis and implementation proceed.

California Public Employees' Pension Reform Act of 2013 (Cal PEPRA)

As many of you are aware, the California legislature passed and the Governor has signed into law the Public Employees' Pension Reform Act of 2013 (PEPRA) to be effective January 1, 2013. The Act imposes many changes on California public retirement systems including VCERA. Many details of the new law are unclear, particularly in terms of how it integrates with the "1937 Act" under which benefits have previously been defined. What is clear is that retirees are not affected and the majority of significant changes such as new benefit formulas and compensation limits will affect only new employees hired on or after January 1, 2013. However, there are a few provisions that affect current employees and I want to make sure you are aware of the key points. Please be aware that this is a preliminary summary and that details may change as analysis and implementation proceed. The following provisions apply to current employees:

Board of Retirement required to audit final compensation to ensure that no "pension spiking" occurs: Retirement systems must exclude from retirement calculations any compensation that is determined by the Board to have been paid for the purpose of enhancing, or "spiking," a member's retirement benefit. While we generally do not foresee this being a significant issue for our members, the types of compensation that could be eliminated from retirement benefit calculations would include payments for services outside normal working hours, one-time payments not paid to other employees in the class.

More restrictive provisions for working extra help after retirement: The Act generally prohibits a person who retires (except safety members) from being employed as extra help or by contract by a VCERA employer for a period of 180 days after retirement. The "960 hours per fiscal year" limit on extra help and contract employment continues.

Increased member contributions to retirement, subject to collective bargaining: The Act authorizes employers to require increased employee contributions toward retirement costs, subject to collective bargaining requirements for represented employees. Employers may not unilaterally impose such increases on represented employees until 2018, subject to certain percentage limitations. This provision could represent a future cost increase for current employees, but these increases will vary greatly based on plan and current contribution levels.

Other minor provisions: There are a few other provisions that affect current employees but which I do not anticipate having wide application to our members, such as a forfeiture of pension benefits for individuals convicted of job-related felonies, and prohibition against retroactive benefit increases.

While it is recognized that the coming "pension reform" may cause a certain amount of anxiety among current employees, I do not believe that there is anything on this list that would require an employee to accelerate his or her retirement date.

A Word from the Administrator (cont'd from page 2)

New Pension Administration System (PAS)

The first phase of the PAS upgrade is well underway. VCERA secured MBS to act as Data Conversion Lead and will be working closely with Vitech. Linea is overseeing the successful completion of this project and is assisting staff by providing project management. Three of the most prominent challenges were securing subject matter experts within the ranks of VCERA staff, accommodating the space demands for all of the extra project participants that will be on-site, and the age old challenge of having enough resources to divide between maintaining operations and focusing on the project, and now implementing CalPEPRA.

I look forward to continuing VCERA's focus on the delivering the promised benefits, timely and accurately, and in a professional and courteous manner.

Donald C. Kendig

Donald C. Kendig, CPA
Retirement Administrator

Retiree News- Form 1099-R

Form 1099-R — CORRECTED (if checked)

PAYER'S name, street address, city, state and ZIP code
VCERA
1190 S. VICTORIA AVE., STE 200
VENTURA, CA 93003-6572

1 Gross distribution $ 0.00
2a Taxable amount $ 0.00
2b Taxable amount not determined — Total distribution

OMB No. 1545-0119
2012
Form 1099-R

Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.

PAYER'S federal identification number — RECIPIENT'S identification number

3 Capital gain (included in box 2a) $
4 Federal income tax withheld $ 0.00
5 Employee contributions /Designated Roth contributions or insurance premiums $

RECIPIENT'S name, street address (incl. apt. no.), city, state and ZIP code
JANE RETIREE
1234 WISTERIA LANE
HOLLYWOOD, CA 90000

6 Net unrealized appreciation in employer's securities $
7 Distribution code(s) — IRA/SEP/SIMPLE
8 Other $ %
9a Your percentage of total distribution %
9b Total employee contributions $ 0.00

Account number (see instructions) — 1st year of desig. Roth contrib.

10 State tax withheld $ 0.00 $
11 State/Payer's state no.
12 State distribution $ $
13 Local tax withheld $ $
14 Name of locality
15 Local distribution $ $

Copy C For Recipient's Records
This information is being furnished to the Internal Revenue Service. (keep for your records)
Department of the Treasury - Internal Revenue Service

VCERA is required to mail to each retiree member and eligible surviving beneficiary a 1099-R form no later than January 31 that sets forth the amount of the distribution made for the prior calendar year. The information provided on the 1099-R is outlined below:

Box 1—Gross distribution: For those members who retired with a regular service retirement or non-service connected disability, the gross distribution is the total amount of the benefit paid during the prior calendar year. For those members who retired with a service connected disability retirement the gross distribution represents the amount of the benefit paid in excess of the statutory entitlement for a service connected disability.

Box 2a—Taxable amount: This represents the taxable portion of the gross distribution.

Box 4—Federal income tax withheld: The total federal tax withholding for the year.

Box 5—Employee contributions: The amount of the tax-free recovery for the year of the after-tax contributions made to VCERA while an employee. This amount is deducted from the gross distribution amount to arrive at the taxable amount. The period over which a retiree recovers their after-tax contributions is based on IRS tables.

Box 7—Distribution code: Identifies the type of retirement: "3" for disability and "7" for a regular service retirement.

Box 9b—Total employee contributions:

In the first year of distribution this amount represents the retirees total after-tax contribution balance to be recovered. In each subsequent year this amount represents the remaining after-tax contributions the retiree has left to recover.

Box 12—State distribution: This amount is the same as in Box 1

RETIREE PAGE

Retiree pension checks are distributed on the last business day of each month.

RETIREE PAY DATES 2013

JANUARY 31
FEBRUARY 28
MARCH 29
APRIL 30
MAY 31
JUNE 28
JULY 31
AUGUST 30
SEPTEMBER 27
OCTOBER 31
NOVEMBER 29
DECEMBER 31

2013 Board of Retirement

William Wilson, Chair
Tracy Towner, Vice Chair
Steven Hintz, Treasurer
Tom Johnston, Member
Peter Foy, Member
Arthur E. Goulet, Member
Robert A. Hansen, Member
Albert G. Harris, Member
Joseph Henderson, Member
Will Hoag, Alternate Member
Chris Johnston, Alternate Member

VCERA Executive Staff:

Donald Kendig, CPA,
Retirement Administrator

Henry Solis, CPA
Chief Financial Officer

Julie Stallings
Retirement Operations Manager

VCERA

Ventura County Employees' Retirement Association

A Model of Excellence for Public Pension Plans around the World

Ventura County Employees' Retirement Association

Committed to Excellence

The Ventura County Employees' Retirement Association (VCERA) is committed to providing retirement, death and disability benefits to our active and retired members, and their beneficiaries, in an accurate and timely manner.

Although most people think of VCERA when it comes to retirement, our work begins well before our members retire. Our dedicated staff supports our active and deferred members each day, offering a broad range of services. Our retirement benefits specialists are dedicated to providing information and expertise about member benefits.

What's the Meaning of?

Deferred Member

n: A member who leaves active VCERA membership and is either not eligible to retire or chooses not to retire, and leaves his or her member contributions on deposit. Members with less than five years of VCERA/reciprocal service credit are deferred-non-vested. Members with at least five years of VCERA/reciprocal service credit are deferred-vested

Deferred-vested members are eligible for a lifetime retirement benefit from VCERA once they meet the retirement eligibility requirements and choose to retire.

Deferred non-vested members may become eligible for a retirement benefit by earning the additional service credit needed by returning to VCERA membership or establishing reciprocity with another system.

Note: This newsletter provides disclosure of certain terms and conditions of VCERA membership and benefits available to members. It is designed to give you this information as simply and as accurately as possible, as of the date of publication. VCERA is governed by the County Employees Retirement Law of 1937 (Government Code Section 31450 et. Seq.) as it has been adopted and implemented by the Ventura County Board of Supervisors and the VCERA Board of Retirement. If there is any inconsistency between this newsletter and the governing law, the law will govern.

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VCERA
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