

VCERA Quarterly News

For our active and retired members



Keep Your Beneficiary Information Current

It's important to have a Beneficiary Designation Form on file with VCERA and to make sure VCERA has the most current contact information on your designated beneficiary(ies).

**Marriage * Divorce * Birth /
Adoption of a child * Death of a
Beneficiary?**



As employees experience family status changes (i.e. birth of a child, marriage, divorce) throughout the course of employment, they may also want to consider changing their beneficiaries for their retirement plan.

Your choice of beneficiary is very important. In the event that the unthinkable happens the information will be helpful to VCERA—and your beneficiary—should it be necessary for VCERA to pay benefits on your behalf.

New County employees are asked to complete a Sworn Statement Form upon employment. The form designates who the employee would like to receive any benefits that may be payable upon death while in County service.

All County members should have completed a Sworn Statement Form. If you have been divorced or married since you began employment, or have had children, you will want to ensure that your Sworn Statement reflects the current information.

For more information you can visit our website at www.ventura.org/vcera and click on Forms, then click on "Beneficiary Designation Form".

You may also call us at 805-339-4250 or email us at: VCERA.Info@ventura.org

Did You Know?

Q. What is a Retirement "pick-up"?

A. Certain MOUs (Memorandums of Understanding between the County and employee organizations) contain an agreement that the County will "pick-up" a portion of the employee's retirement contribution. Your retirement contribution is lowered by a certain percentage, and the County pays that amount for you. The amount picked-up for you is credited to your retirement account along with the money that you contribute. The dollar amount of the pick-up is listed on your Paycheck

Advice. You will see the amount listed in the "Employer Paid Benefits" section of your paycheck advice. The amount that the County picks-up for your retirement is listed in the category: "Retirement Cnty Regular Contrb". This amount is not deducted from your salary, but is contributed by the County and is included in your retirement compensation.



Ventura County Employees' Retirement Association

In this Issue

- > **Keep Your Beneficiary Information Current**
- > **Did You Know?**
- > **5 Things to Know about Disability Retirement**
- > **Legislative Highlights**
- > **Investment Update**
- > **Leaving County Employment before Retirement**
- > **Health Care Reform News for Retirees**
- > **Direct Deposit Makes Retirement Easy**
- > **Returning to County Employment after Retirement**
- > **STAR COLA update**
- > **Retirees FAQs**
- > **Technology News & Updates**

Quote: An investment in knowledge always pays the best interest.
- Benjamin Franklin

2011 RETIREMENT PLANNING WORKSHOP DATES ANNOUNCED

Tues. Feb. 8, 2011 8am-5pm
Tues. May 17, 2011 8am-5pm
Tues. Aug. 2, 2011 8am - 5pm
Thurs. Nov. 10, 2011 8am-5pm

To Register go to:

www.ventura.org/vcera
Forms —> Retirement Planning
Registration Form



What if I can no longer work
due to illness or injury?

For the most current
details on these or
other bills visit the
California legislative
information web site:
www.leginfo.ca.gov

5 Things to Know about Disability Retirement

Most members will apply for a regular service retirement when they are eligible and ready to retire, but what if you are no longer able to work because of a disability? If you become disabled and, as a result, are unable to perform your usual job duties, you may be eligible for a disability retirement regardless of your age. Here are 5 things you should know about disability retirement.

1. A service-connected disability (mental or physical) results from or is caused by an injury, illness or disease substantially related to your employment. You may be eligible for a service-connected disability retirement regardless of your age and service credit.
2. A nonservice-connected disability results from or is caused by an injury, illness or disease not related to your employment. To be eligible, you must have at least five years of VCERA/reciprocal service credit.
3. Disability retirement does not cover temporary disabilities that may improve with treatment or those that can be accommodated by your employer.
4. The workers' compensation system and VCERA disability retirement are separate and governed by different rules; the actions of one process are not binding on the other.
5. If you are reasonably certain that you will no longer be able to perform your usual job due to a permanent disability, contact VCERA to begin the application process.

More information about the disability retirement application and review process is available on our website, www.ventura.org/vcera, or by contacting VCERA by phone at 805-339-4250 and asking for the Disability Retirement Unit.

Legislative Highlights

At any given time there is legislation being considered in Sacramento that affects VCERA. This past year, VCERA has watched closely the evolution of two pieces of legislation:

AB 1987—"Anti-Pension Spiking Bill" This bill contained several interesting provisions related to retirement benefits including:

Employees would no longer be able to cash in unused vacation or sick leave for use in computing Final Average Compensation for retirement purposes.

Boards of Retirement would be made responsible for examining salary increases over specific time periods and determining if increases will be included in member's Final Average Compensation.

Employees retiring after 1/1/12 cannot return to work, even as an independent contractor, within 180 days or 6 months of retirement.

STATUS: Vetoed by the Governor

AB 609— Provides retirement systems, such as VCERA, with more flexibility in managing administrative expenses. Historically, VCERA's administrative budget was limited or capped at 0.18% of system assets. Operating within this budgetary cap was typically not an issue for VCERA except for when assets fell by almost 25% in 2008. As you can imagine, asset values may fluctuate, but operational needs do not and a decline in assets could eventually hinder VCERA's operations.

The legislation solution proposed in AB 609 was for systems to operate budgetarily at the greater of either 0.21% of total actuarial liabilities, or the sum of \$2 million annually. Plan liabilities do not fluctuate to the degree that plan assets do and this particular legislative change provides retirement systems a much sounder basis in budgeting for our operational needs.

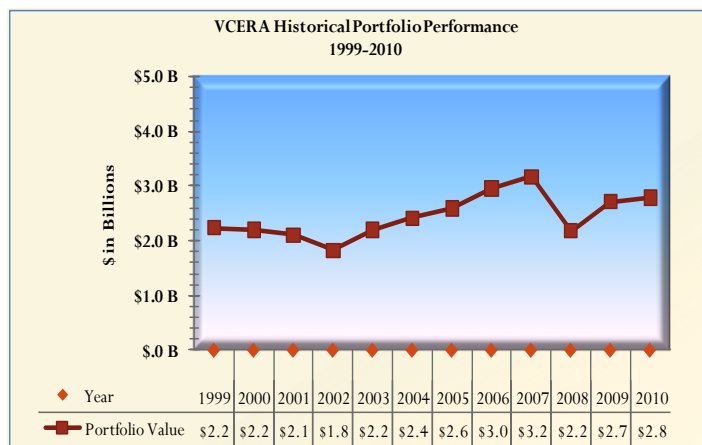
STATUS: Signed into legislation by the Governor

Wall Street



Capital markets worldwide rebounded in 2009 and in the early months of 2010. For the fiscal year ending June 30, 2010, VCERA's investment portfolio returned 15% net of fees, which compared favorably to the Public Fund Index return of 13.1%. VCERA's bond portfolio was the greatest contributor to our strong relative performance. Investment performance for the first three months of the current fiscal year was a robust 10%. Last year's positive investment returns helped VCERA recover approximately 27% of the value lost in 2008. As you are aware, 2008 was one of the worst economic periods since the

1930's and has been labeled by many as the "Great Recession". A chart depicting the market value of VCERA's holdings over the last 10 years is provided below to illustrate how economic downturns, such as the one in 2008, affect the value of VCERA's portfolio. VCERA continues to manage these economic cycles by investing our assets in accordance with a long-term strategy designed to meet our funding objective of being a well funded secure pension plan.



Your VCERA benefits are valuable. If you terminate and withdraw your employee contributions, you lose all rights to future retirement benefits.

Leaving County Employment before Retirement?

What happens to your contributions if you terminate? If you terminate employment you may:

- 1. Withdraw your contributions** plus accumulated interest. You will lose all rights to future retirement benefits. You can roll your contributions over to a Roth IRA, Regular IRA or other eligible employer retirement plan.
- 2. Leave your funds on deposit** with VCERA (non-vested members). Members who have less than 5 years of service can choose to leave their funds on deposit and earn interest, deferring your membership. If you return, you pick up right where you left off. If you don't, you will be eligible for a retirement benefit at age 70.
- 3. Deferred retirement** (vested members). If you terminate

employment after earning five or more years of eligible service credit in the Plan (including reciprocal time, if you have established reciprocity), you may choose to leave your contributions on deposit and defer your retirement to a later date. This election will provide you with the option of receiving a monthly retirement benefit when you would have otherwise been eligible to retire, had you remained in full-time employment.

- 4. Transfer to a reciprocal retirement system.** Reciprocity is a benefit that recognizes the mobility of the workforce and is designed to allow you to move from one public employer to another, which has a reciprocal agreement with VCERA. The benefits of reciprocity are that both systems will consider your combined service credit for the

purposes of vesting and eligibility for retirement. Your age of entry into retirement will be the age of entry into the first system. Each system will provide you with a benefit based on the service credit in that system, and they will use their own benefit formula, and may use your highest salary from either system for the final compensation calculation.

There are certain criteria to be eligible for reciprocity so please contact VCERA for more information either by email: VCERA.Info@ventura.org or by telephone 805-339-4250.

Establishing Reciprocity is not automatic.

The employer contributions are retained in the Retirement Fund. The member realizes benefits from employer contributions only upon retirement.



Before leaving your job ask VCERA about your retirement fund options

Health Care Reform News of General Interest

Also known as the Patient Protection and Affordable Care Act... here is a synopsis on how the new health care reform law will affect your benefits:

Coverage for adult children:

You'll be able to cover your adult children as dependents under your County-sponsored medical plans until they reach age 26, unless your adult child is eligible for health insurance coverage through his or her employer.

No Discrimination against children with pre-existing conditions.

No more lifetime limits on Benefits.

Medicare: The Part D prescription-drug doughnut hole (the coverage gap when the total cost of your prescriptions reaches a specific amount and you are responsible for the full cost), will be gradually reduced by 2020. Seniors who reach the doughnut hole in 2010 will receive a \$250 rebate. Starting in 2011 drug companies will be required to provide a 50% discount on brand-name drugs bought in the coverage gap. The federal subsidy for Part D premiums will be reduced for higher income beneficiaries.

New taxes: The law raises the Medicare payroll tax by an

additional 0.9% (to 2.35%, from the current 1.45%) on earned income above \$200,000 for individuals and \$250,000 for joint filers. It also imposes a Medicare tax of 3.8% on investment income such as dividends and interest, for individuals with adjusted gross income above \$200,000 and joint filers with AGI above \$250,000. These taxes go into effect in 2013. Distributions from pensions, IRAs, 401(k)s and other qualified retirement plans will be exempt.

Medical tax deductions: Beginning in 2013 tax year, the threshold for the itemized medical deduction rises to 10% of AGI, from the current 7.5%. Individuals age 65 and older, and their spouses will be exempt for the tax years 2013 through 2016.



Health Care Reform

Full text of the law is available online

<http://www.gpo.gov/pkg/PLAW-111publ148/html/PLAW-111publ148.htm>

Direct Deposit Makes Retirement Easy

Direct deposit is a free service that allows you to automatically deposit your monthly VCERA retirement check into any United States checking or savings account that you choose. There are many advantages to direct deposit such as:

1. It's easy—you don't have to make special arrangements to have your check deposited if

you're on vacation. Direct deposit gives you peace of mind. The payment is always there no matter where you are.

2. Saves you time—it takes time to travel to the bank, stand in line and travel home. With direct deposit you get this time back to do whatever you want to.

3. Safe and reliable—

payments are traceable, there is no chance of your check getting stolen or lost in the mail.

The benefits are numerous. To sign up for direct deposit visit www.ventura.org/vcera click on Forms, and click on Instructions and Authorization for Automatic Deposits—Direct deposit. Print it out and follow the instructions, or call VCERA at 805-339-4250

Returning to Work after Retirement?

A retired member may return to active membership in VCERA if the member:

- Makes a petition to the Board of Retirement for reinstatement
- Is determined by the Board of Retirement not to be incapacitated for the duties

assigned to the member, based on medical examination

- Is eligible for membership (i.e., a permanent employee working 64 hours or more) and
- Has a bona-fide offer of employment from the Employing County agency

If approved, the Board of Retirement will suspend your retirement allowance and reinstate you to active VCERA membership.

*A department must receive approval from the Board of Retirement to permanently rehire a retiree.

Returning to County job after retirement?



RETIREE PAGE**Board of Retirement extends S.T.A.R. COLA to July 2011**

On September 20, 2010 the Board of Retirement extended the payment of the STAR COLA benefit through July 2011. The STAR COLA benefit is provided to eligible Tier I and Safety member retirees who have lost more than 20% of their purchasing power to inflation.

Currently, all members who are eligible for the STAR COLA benefit retired before April 2, 1981.

The funding source for the STAR COLA benefit has been excess earnings. By definition, "excess earnings" are amounts earned above our actuarially assumed investment return of 8%. VCERA's annualized investment returns over the last 5 and 10 years have been 1.7% and 2.9%, respectively. Since investments returns have not exceeded 8%, the Board of Retirement has no additional funding to provide the benefit past July 2011.

RETIREES - Frequently Asked Questions

Q. I'm retired and just got divorced. Will this affect VCERA sending my monthly retirement allowance?

A. If you divorce after retirement, VCERA will continue paying your full monthly allowance until the dissolution is final and we receive a copy (with the court clerk's filing date

stamp and the judge's signature) of the final Judgment of Dissolution directing a split of your allowance with your ex-spouse. This is known as a Domestic Relations Order.

Q. If I remarry after retirement, will my new spouse be eligible to receive a continuing allowance if I predecease him/her?

A. Yes. A surviving spouse or a registered domestic partner may be eligible to receive a continuing monthly survivor allowance if he or she married the member or registered as a domestic partner at least two years prior to the member's date of death and be at least age 55.

Technology News and Updates

VCERA has completed a key technology project as part of its approved Technology Plan. The Electronic Data Management System (EDMS) was initiated to enhance department productivity, efficiency and outreach capabilities to improve member service by making the most effective use of existing resources.

The completion of this project involved the process of scanning our paper files and converting them to electronic files for easy access.

We are also pleased to announce that a year ago VCERA issued a comprehensive Request for

Proposal for an integrated pension administration system. The Board of Retirement awarded the contract to CPAS Systems, Inc. CPAS has experience implementing other 1937 Act counties, like ours.

We will be migrating to the new integrated Pension Administration System, replacing our current system over the course of the next two years.

The new system will improve access to member information, and will integrate with our electronic data management system. We will keep you posted as more details on the implementation phases evolve.

We are excited about our new system and hope that the enhancements will serve you, our members, better.

**RETIREE PAY DATES**

2010
OCTOBER 29
NOVEMBER 30
DECEMBER 30

2011
JANUARY 31
FEBRUARY 28
MARCH 31
APRIL 29
MAY 31

2010 Board of Retirement

Tracy Towner, Chair

William W. Wilson, Vice Chair

Don Hansen, Asst. Treasurer- Tax Collector

Karen Anderson, Member

Peter C. 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:

Tim Thonis, Retirement Administrator

Henry Solis, Chief Financial Officer

The Ventura County Employees Retirement Association (VCERA) is committed to providing our members with 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 works on behalf of our members each day, and throughout their active careers with a broad range of services. Our retirement specialists are dedicated to providing information and expertise about member benefits.

What's the Meaning of?

Fi-du-ci-ar-y

n: A person, to whom property or power is entrusted for the benefit of another person.

A trustee of the Board of Retirement is a fiduciary, for example. The Board of Retirement is the governing body with exclusive control and fiduciary responsibility for the management of the benefits and investments of the retirement fund for VCERA members and beneficiaries. A trustee's fundamental obligations are loyalty to the members and beneficiaries and they assume the duty to act in good faith and with care, candor and loyalty in fulfilling that obligation. The Board of Retirement exercises prudence in protecting and managing VCERA's assets and diligence in serving the members' and beneficiaries' interests.

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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