

# FUNDamentals

NEWSLETTER FOR MEMBERS OF THE MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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 San Rafael, CA 94903-2764

## Membership Categories

Sometimes it may seem like retirement has its own brand of jargon. When it comes to learning about your retirement benefits, understanding your plan is easier when you know the terminology.

MCERA serves more than 5,800 members from nine different employers and our membership can be divided many ways. Some new terms were added after the creation of the Public Employee Pension Reform Act (PEPRA) and some members may even fall into more than one category.

### Active

Active members are currently working for MCERA employers and earning retirement service credit. Active members are in Classic or PEPRA retirement tiers and they can be vested or nonvested, Safety or General.

### Classic

If you were an MCERA member on or before December 31, 2012 (and still are an MCERA member), you are a Classic member. If you entered MCERA membership on or after January 1, 2013 but you have reciprocity with another public employer in California, you are a Classic member.

### PEPRA

You are a PEPRA member if you entered MCERA membership on or after January 1, 2013, and you did not have reciprocity with another public employer in California.

### Safety

Safety members are or were employed in active law enforcement or active fire suppression. Some probation workers are Safety members, as well.

### General

General members are or were employed in all positions that aren't covered by Safety membership.

### Deferred

Deferred members have left their contributions on deposit with MCERA but are no longer making retirement contributions. This may be because their hours fell below 75% of full time, or because they terminated their employment completely. Deferred members can be vested or nonvested.

### Vested

You are vested after earning five years of service credit. This includes credit earned through service purchases or with reciprocal retirement systems. If you're vested you're eligible to receive a lifetime monthly retirement benefit at a future date.

*(Continued on page 5)*



## 2013 ACTUARIAL VALUATION REPORT

MCERA's overall funding ratio improved from the previous year. See the article on page 3 for more information.

# Retirement Board Members

## Jeffrey Bartfeld

Appointed by Board of Supervisors

## Bernadette Bolger

Chair  
Appointed by Board of Supervisors

## Greg Brenk

Vice Chair  
Appointed by Board of Supervisors

## Chris Cooper

Alternate  
Elected by Safety Members

## Roy Given

Ex-Officio Member  
County of Marin Director of Finance

## Maya Gladstern

Elected by General Members

## Howard McFarland

Elected by General Members

## Alan Piombo

Elected by Safety Members

## Karen Shaw

Alternate Ex-Officio Member

## David Shore

Appointed by Board of Supervisors

## Michael Smith

Elected by Retiree Members

## Sean Webb

Alternate  
Elected by Retiree Members

## Executive Staff

### Jeff Wickman

Retirement Administrator

### Michelle Hardesty

Assistant Retirement Administrator

## Editorial Staff

### Sydney Fowler

Communications Associate

FUNDamentals is published for members of the Marin County Employees' Retirement Association (MCERA). It is written and designed by MCERA's Communications Associate unless noted otherwise.

Member comments and suggestions should be directed to:

Email: [sfowler@marincounty.org](mailto:sfowler@marincounty.org)  
Phone: (415) 473-4014

# April Retiree COLA Affirmed

## Eligible retirees and beneficiaries received a cost of living adjustment (COLA) in April

For most payees, the retirement allowance received at the end of April 2014 included a cost of living adjustment (COLA). The actual amount of your COLA may depend on two factors: the employer and/or tier from which you retired, and your date of retirement.

Eligible retirees were mailed a flyer about the COLA. The table on page 2 of the flyer shows the COLA percentage for each tier in 2014. Visit [www.MCERA.org](http://www.MCERA.org) for more information.

## Calculating the COLA

The COLA is calculated as required in the California Government Code based on changes in the Urban Consumer Price Index (UCPI) for the San Francisco Bay Area. The UCPIs for the two prior calendar years are averaged and rounded to the nearest one-half percent. This year, the average UCPIs represented an increase of 2.21%, which rounds to a 2.0% COLA for 2014.

## COLA Maximums and COLA Banks

Each retirement tier has a maximum COLA of 2%, 3% or 4%.

If your maximum allowable COLA is less than the increase in the UCPI, the difference is "banked" for possible use in a future year (as provided by law). If the change in the UCPI is less than your maximum allowable COLA, we will make a "withdrawal" from your "bank," if available, in order to bring your increase up to the maximum allowable for your employer and/or tier.

## ACTIVE MEMBERS:

Did you know that you help fund your future retiree COLAs through your member contributions? When the actuary calculates member contribution rates, a portion of those rates includes the COLA.

# Retirees: Notify Us When You Move!

Keeping your address current ensures that you continue to receive important communications from MCERA, such as Retirement Board election materials and 1099-R forms.

Retired and deferred members should complete the Address Change form and return it to us by mail. You can download and print the Address Change form from our website, or you can request that a copy be sent to you.

Unfortunately, we cannot accept address changes by phone, fax or email.



## ACTIVE MEMBERS:

Remember to update your address with your employer. MCERA receives your address information through payroll downloads.

# Actuarial Valuation Report Results

At the Retirement Board meeting on April 9, 2014, the Retirement Board reviewed and adopted the actuarial valuation report for the fiscal year ending June 30, 2013.

The annual actuarial valuation measures the current and projected assets and liabilities of the retirement system as well as the system's funded status. This information forms the basis for establishing the actuary's recommendations for employee and employer contribution rates for the upcoming fiscal year.

As reported in the valuation, the plan's funded ratio is 75.1% based on the

actuarial value of assets and 79.8% based on the market value of assets, up from 71.3% and 71.6%, respectively, from the prior year. New employer and employee contribution rates go into effect July 1, 2014.

Valuation summaries that highlight key information from the complete report are available for the County of Marin and special districts, City of San Rafael, and Novato Fire Protection District. To view the summaries and complete report online, visit the Reports page on our website, [www.MCERA.org](http://www.MCERA.org).

## Keep Your Beneficiary Current

Take a look at your last Annual Benefit Statement. Is the person listed as your designated beneficiary correct?

We recommend that you check to make sure that your designated beneficiary is correct at least once a year. Keep in mind that MCERA is separate from other employee benefit offices and that beneficiary forms filed with your employer or other offices do not apply to your MCERA account.

All beneficiary changes must be made in writing with your signature. Active and deferred members can print the Beneficiary Change form from our website or contact us for a copy.

### RETIRED MEMBERS:

If you receive monthly benefits from MCERA and have questions about beneficiaries, please contact our office.

## Summer Election for General Member Seat on Board

Serving as a member of MCERA's retirement Board can be a meaningful and rewarding experience. If you are an actively employed General member for any MCERA employer and would like to participate in the management of the retirement association and contribute to the system's overall governance, you are encouraged to consider candidacy for the position of MCERA trustee.



Election notices will be mailed in May to all General members eligible to participate. For more information, visit the Elections page on [www.MCERA.org](http://www.MCERA.org) or call our office.



## Retirement Workshops: Three Ways To Save Your Seat

### CALL

Call Sydney Fowler at (415) 473-4014 with your preferred workshop date and time.

### CLICK

Visit the Retirement Workshops page on [www.MCERA.org](http://www.MCERA.org) and click "Request Seat" next to your preferred workshop.

### EMAIL

Send your preferred workshop and contact information to [MCERAWorkshops@marincounty.org](mailto:MCERAWorkshops@marincounty.org).

# FUTURE BOARD MEETINGS

June 11  
Retirement Board

June 12  
Investment Committee

July 9  
Retirement Board

August 13  
Retirement Board

August 14  
Investment Committee

August 20  
Finance & Risk Management Committee

September 4  
Governance Committee

September 10  
Retirement Board

September 11  
Investment Committee

MCERA is  
CLOSED:  
July 4

FIND IT ONLINE!



All Retirement Board agendas, minutes and policies are posted on our website.

Visit MCERA.org and click on Retirement Board for agendas and minutes; click on Governance for policies and bylaws.

## IRS Affirms MCERA's Tax-Qualified Status

In 2010 the Internal Revenue Service (IRS) recommended that all public sector retirement systems file an application for an IRS determination letter on the qualified status of the system. In November 2013, MCERA received a favorable determination letter from the IRS stating that the plan satisfies Internal Revenue Code requirements and is therefore a tax-qualified public retirement plan.

### What is a determination letter?

The letter is a confirmation from the IRS that the complete body of rules and regulations that govern MCERA are consistent with federal tax code. Public retirement plans need this confirmation in order to get favorable tax treatment.

### Why does it mean for members?

Favorable tax treatment provides two very important benefits to the retirement plan. First, it affirms that your member contributions can be deducted from your paychecks on a pre-tax basis, reducing your taxable income. Second, it allows you to roll money into the plan to pay for

a service purchase, as well as roll your member contributions out upon leaving MCERA membership.

### An important step

Receipt of the favorable determination letter represents an important step in maintaining the tax-qualified status of the MCERA retirement system. The Retirement Board will continue to monitor the plan to ensure that we remain in compliance with all applicable laws.



## Board Meeting Highlights

### Actuarial Valuation Report Adopted

In April, the Retirement Board adopted the actuarial valuation report for the fiscal year ending June 30, 2013. Please see the article on page 3 for more information.

### Upcoming Board Member Election, Appointment

The term of the Third General Member on the Retirement Board ends on October 31, 2014. An election for the Third Member seat will be held in July, and all General members eligible to participate in the election will receive official notice by mail.

The term of the Fifth Member, appointed by the Board of Supervisors, ends on October 31, 2014.

### Cost of Living Adjustment (COLA)

In February, the Retirement Board affirmed the actuary's calculation of a 2% COLA. Please see the article on page 2 for more information.

### Policies Revised/Adopted/Reaffirmed

The following policies were revised, adopted or reaffirmed:

- Actuarial Assumptions (reaffirmed)
- Due Diligence (revised)
- Interest Crediting (reaffirmed)
- Portable Electronic Device (revised)
- Travel and Expense (revised)
- Unrestricted Earnings (reaffirmed)

# MCERA At a Glance

All data is as of June 30, 2013, unless otherwise noted. Funding ratios are based on the actuarial value of assets.

Data from the  
June 30, 2013  
Actuarial  
Valuation

## Total Membership: 5,883

- Active: 2,472  
(General 1,888, Safety 584)
- Retired: 2,790  
(General 2,053, Safety 737)
- Deferred: 621

## Number of Service Retirements during Fiscal Year

- 2013: 126
- 2012: 128
- 2011: 139
- 2010: 138

## Historical Funding Ratios

- 2013: 75.1%
- 2012: 71.3%
- 2011: 72.1%
- 2010: 70.9%

## Active Membership by Employer

- County of Marin: 1,829
- City of San Rafael: 349
- Marin Superior Court: 120
- Novato Fire Protection District: 73
- Southern Marin Fire Protection District: 48
- Marin/Sonoma Mosquito & Vector Control District: 36
- Tamalpais Community Services District: 10
- Marin City Community Services District: 5
- LAFCO: 2

## Average Retirement Benefit

- \$3,188 per month
- \$38,253 per year

# Membership Categories

(Continued from page 1)

## Non-vested

Non-vested members have earned less than five years of service credit. If you terminate employment as a non-vested member you can leave your contributions on deposit and they will earn interest until you decide to withdraw them. Deferred non-vested members can also wait until age 70 and begin receiving a monthly lifetime retirement benefit.

## Reciprocal

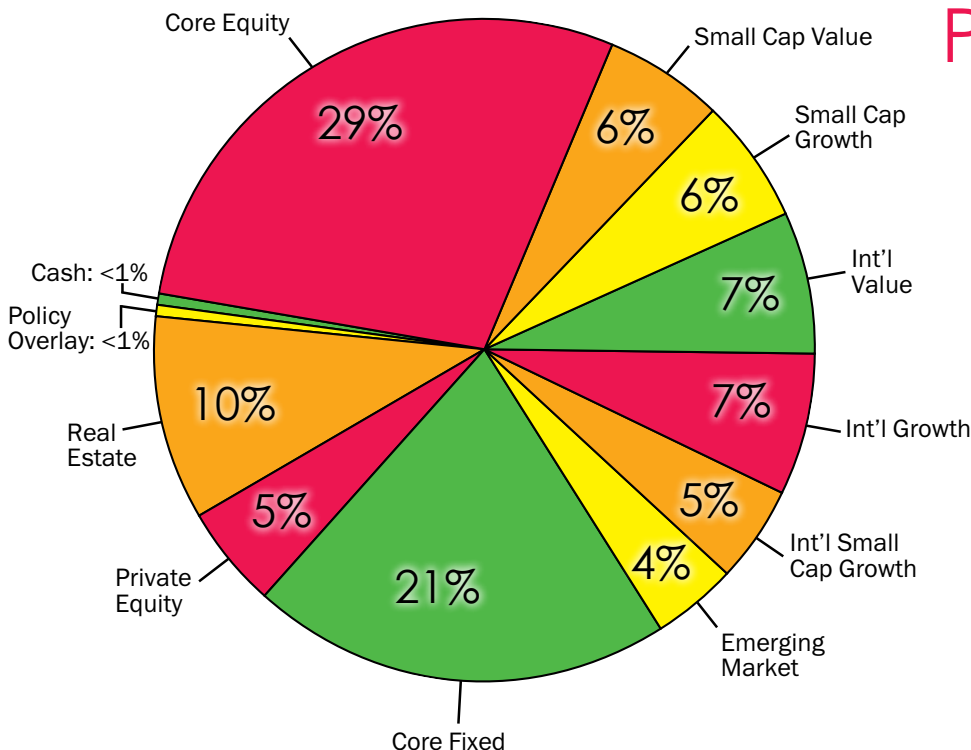
Reciprocal members have earned service credit in one public retirement system in California, left that system, and within 180 days entered membership in another reciprocal public retirement system. Reciprocal members can link their service credit and highest compensation earned in each system as long as they leave their contributions on deposit.

## Retired

Retired members are receiving monthly service or disability retirement benefits from MCERA.

## Beneficiary

A beneficiary is eligible to receive or is receiving a monthly continuance and/or a lump sum benefit from MCERA after the death of either an active or retired member.



# Portfolio Pie as of March 31, 2014

Core Equity	\$ 562,159,000
Small Cap Value	\$ 122,025,000
Small Cap Growth	\$ 114,212,000
International Value	\$ 127,409,000
International Growth	\$ 127,765,000
Int'l Small Cap Growth	\$ 90,651,000
Emerging Market	\$ 77,865,000
Core Fixed	\$ 397,441,000
Private Equity	\$ 102,045,000
Real Estate	\$ 194,915,000
Policy Overlay	\$ 2,234,000
Cash	\$ 11,220,000
<b>TOTAL</b>	<b>\$ 1,929,941,000</b>



Marin County Employees' Retirement Association  
 One McInnis Parkway, Suite 100  
 San Rafael, CA 94903-2764

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**Participating Employers:**

- City of San Rafael
- County of Marin
- LAFCO
- Marin City Community Services District
- Marin/Sonoma Mosquito & Vector Control District
- Marin Superior Court
- Novato Fire Protection District
- Southern Marin Fire Protection District
- Tamalpais Community Services District

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**Retirement Fact:**

MCERA was established on July 1, 1950. The plan has administered retirement benefits for public employees in Marin County for nearly 64 years.

**Random Fact:**

The average person spends about two weeks of their lifetime waiting for traffic lights to change from red to green.

**Contact Us:**

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**Office Hours:**

Monday - Friday  
 8am - 5pm



**Important Disclaimer**

This newsletter was drafted by MCERA staff in order to help members understand issues surrounding many aspects of their retirement benefits. Every effort has been made to ensure the accuracy of the information offered. However, you should not rely solely on the information contained herein. In the event of any discrepancy between the information contained in this newsletter and State and Federal law, the State and Federal law will govern. MCERA staff is unable to address specific legal or tax-related questions. If you have legal or tax-related questions about your retirement, please consult competent legal or IRS counsel.