

# FUNDamentals

NEWSLETTER FOR MEMBERS OF THE MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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**New Assumed Rate of Investment Return: 7.25%**

See **page 5** for more information on the demographic and economic assumption changes factored into the upcoming Actuarial Valuation Report.

## MCERA's Member Services Team is Only One Call Away

**We've responded to your feedback! New contacts give you direct access to our Member Services team and more choices in how you interact with us.**

Our mission is to provide a consistently high level of customer service. By adding a new phone line and email address for active, retired and deferred member questions we hope to provide you with even better communication and responsiveness to your questions.

### Direct Access

Our focus is on providing more direct access to the MCERA staff who can answer your benefit questions, and to do that not just at the time of retirement but while you are still working. We want to be a valuable resource for you and strive to provide answers to complex retirement issues in terms that are easily understood.

### Faster Response Times

In most cases we'll be able to answer your questions the same day over the phone or through email. If the question is more complex we promise to respond back to you as soon as possible after researching the issue. Please keep in mind that some requests involving calculations for retirement or service purchases may take longer. If we're unable to provide answers immediately we will stay in contact and keep you informed of the status.

### Continuous Improvement

Our Member Services Team is committed to delivering exceptional service in an accurate, courteous, prompt and professional manner. Over the past few years we've made great progress in improving customer service, and we will continue to respond to your feedback.



### Still working?

Active and deferred members with questions about reciprocity, service credit purchases, retirement estimates and similar topics can get in touch with the Active Member Services Team:

(415) 473-4148 or  
**MCERABenefits@marincounty.org**

### Retired?

Retired members with questions about retiree payroll and post-retirement medical benefits can speak with the Retired Member Services Team:

(415) 473-4149 or  
**MCERARetirees@marincounty.org**

### Workshop information?

Sign up for a workshop or find out which one is right for you:

(415) 473-4014 or  
**MCERAWorkshops@marincounty.org**

### General questions? Need a form?

You can always reach us for help with forms or answers to general questions on our main phone line:

(415) 473-6147

# Board of Retirement

## Jeffrey Bartfeld

Appointed by Board of Supervisors

## Bernadette Bolger

Chair

Appointed by Board of Supervisors

## Greg Brenk

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

## Allen Haim

Alternate

Elected by Retiree Members

## Alan Piombo

Elected by Safety Members

## Karen Shaw

Alternate Ex-Officio Member

## David Shore

Vice Chair

Appointed by Board of Supervisors

## Phillip Thomas

Elected by General Members

## Sean Webb

Elected by Retiree Members

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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

# Get a retirement benefit estimate *today!*

Did you know that with a few clicks of your mouse you can calculate a retirement benefit estimate online?

MCERA's online estimator is always open, simple to use, instantaneous and accurate based on the variables you have entered.

- Visit MCERA's website at [MCERA.org](http://MCERA.org) and click "Retirement Benefit Estimator" in the section of links at the top.
- Select your employer and your tier.
- Enter your projected age at retirement in years and months.
- Enter your projected service credit at retirement in years and months.
- Enter your estimated highest average compensation.
- Read the Acknowledgement, click the check box, and click Calculate.

The results will show your estimated monthly retirement benefit as a dollar amount and as a percentage of your highest average compensation.

Please keep in mind that estimates prepared both online and by MCERA staff are estimates only and may differ from the future benefit that you are entitled to at the time of your retirement.

## We've improved our online estimator!

It's easier to select your employer and retirement tier, and for the first time you can calculate a retirement benefit estimate for less than ten years of service credit - great news for reciprocal members who may have only worked for an MCERA employer for a few years.

## How accurate are these estimates?

MCERA staff uses the same calculation as the estimator. As long as the data you enter is accurate the estimate should be accurate within a few dollars of what our staff would provide. The difference is in the details: when our benefits specialists calculate your benefit we use your service credit down to the hour (out to five decimal points) but the online estimator only uses years and months.

# Retirement Workshops: *Ask questions, get answers*

Learning about your MCERA benefits is an important step in planning your financial future. Whether you recently started making retirement contributions, have been with your current employer for ten years, or plan to retire in the next few months, MCERA's workshops can help answer your retirement questions.

Early Career, Late Career and Social Security workshops are available. Please feel free to contact us if you're not sure which workshop is right for you.

To view the complete 2015 schedule visit [MCERA.org](http://MCERA.org) and click "Retirement Workshops" in the section of links at the top. To sign up, click "Request Seat" next to your preferred workshop.

Call:  
(415) 473-4014

Write:  
[MCERAWorkshops@marincounty.org](mailto:MCERAWorkshops@marincounty.org)

# COLA Affirmed

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

For most, the retirement allowance you'll receive at the end of April 2015 will include a 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 will receive a flyer in the mail in the coming weeks. The table on page 2 will show the COLA percentage for each tier in 2015.

### 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 of the two UCPIs shows an increase of 2.86%, which rounds to a 3.0% COLA for 2015.

### 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.

Visit [MCERA.org](http://MCERA.org) for more information.

## Did you know?

You help fund your future COLAs through the member contributions you make while you're working. When the actuary calculates member contribution rates, a portion of those rates includes the COLA.

## MCARE MEMBERSHIP

The Marin County Association of Retired Employees (MCARE) is a not-for-profit organization that serves former employees of MCERA's participating agencies.

The benefits of MCARE membership include access to supplemental medical, dental and pet insurance programs through Pacific Group and a competitive scholarship program that annually awards three children or grandchildren of MCARE members. In addition to receiving a monthly newsletter that reports on issues important to retirees, MCARE members meet on the second Tuesday of each month at San Rafael Joe's for luncheons that include a social hour and guest speakers.

If you're interested in joining MCARE please contact MCARE President Mary Ann Gallardo ([gallardo.m.a@comcast.net](mailto:gallardo.m.a@comcast.net)) or Membership Chair Edith Simonson ([esimonson1@verizon.net](mailto:esimonson1@verizon.net)).

Membership dues are \$2 per month and can be easily deducted from your monthly MCERA retirement payment.

More information is available at [MCAREInfo.org](http://MCAREInfo.org).

*Editor's note: This information is included in this newsletter as a resource for current and future retirees. MCARE is an independent organization with no affiliation to MCERA. Any questions or comments should be directed to MCARE.*



## RETIREEES: 1099-R Forms Mailed

The 2014 1099-R tax statements for all MCERA retirees, beneficiaries and other payees were mailed January 30, 2015.

MCERA is required to issue a 1099-R for all distributions and retirement payments including payments for refunds, disability retirements, service retirements, continuances, death benefits and domestic relations orders.

A separate 1099-R is issued for each individual record. For example, if you are a retiree and you also receive a continuance from a deceased retiree, you will receive two 1099-R statements. One will be for your normal

retirement benefit payment and one will be for the beneficiary continuance payment.

If you have not received your 1099-R or feel there is an error, contact our office at (415) 473-6147. Our staff is happy to work with you to resolve the matter and issue a new 1099-R, if necessary.





## Are you VIP?

5 years of  
service means  
you're Vested  
In the Plan



*Reminder:*  
The IRS tax filing  
deadline  
is:



## FIND IT ONLINE!

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

Visit [MCERA.org](http://MCERA.org)  
and click on  
Retirement Board  
for agendas and  
minutes; click on  
Governance for  
policies and bylaws.

## FAQ: “What is vesting?”

Vesting entitles you to receive a retirement allowance from MCERA once you have fulfilled all eligibility requirements. Members are vested after they have earned 5 years of retirement service credit. If you have established reciprocity with another qualified retirement system, your reciprocal service credit is included in determining your eligibility for vesting and retirement.

### What if I'm vested and I leave employment, but I'm not ready to retire?

If you leave MCERA-covered employment and you are vested, you will have to choose whether to leave your contributions on deposit with MCERA until you are eligible and ready to retire or withdraw them.

If you terminate employment after earning less than 5 years of service credit, you will not be vested but you may still leave your contributions on deposit and receive a monthly retirement benefit in the future. As a deferred non-vested member your earliest retirement eligibility occurs at age 70.

If you withdraw your retirement contributions when you terminate employment, you will also be withdrawing your service credit and ending your membership. Following a withdrawal your rights to future MCERA benefits are lost - unless you return to active MCERA membership and redeposit your contributions with interest - and you no longer have the option to establish reciprocity with another California public retirement system.

## Retirement Board Updates

### Investment Consultant RFP

In September the Retirement Board selected Callan Associates as the successful bidder in the request for proposal to provide general investment consulting services to MCERA. Of the nine companies who responded to the request, Callan stood out for their experience in public sector retirement plans and their familiarity with MCERA's approach to managing and investing trust fund assets.

### Retiree Member Appointed

In November, Allen Haim was nominated by MCARE and appointed by the Retirement Board to serve as the Alternate Retiree Member, the seat vacated when Sean Webb was elected as the Retiree Member in August.

### Audited Financial Statements Accepted

In November the Board reviewed and accepted the auditor's report of financial condition. The audited financial statements for the fiscal year ending June 30, 2014 received an unqualified (clean) opinion.

### Policies Revised/Adopted/Reaffirmed

- Disability Retirement and Survivor Benefits Applications Policy
- Fiduciary Liability Insurance and Claims Reporting Policy

### Upcoming Elections, Appointments

The terms of the 8th Retired Member and 8th Retired Member Alternate end on October 31, 2015. An election for these seats will be held in July and all retired members eligible to participate in the election will receive official notice by mail.

The term of the 9th Member, appointed by the Board of Supervisors, ends on October 31, 2015.

### Actuarial Experience Study Adopted, Assumptions Revised

In January, after adopting the triennial experience study, the Board revised the demographic and economic assumptions used to calculate the cost of the pension benefits in the annual actuarial valuation report. The most significant demographic assumption change was the adoption of new mortality tables that project improved longevity for retirees. The Board also made changes to economic assumptions, reducing the assumed rate of investment return from 7.5% to 7.25% and the inflation assumption from 3.25% to 2.75%. Please see page 5 for more information on the actuarial reports and recent assumption changes.

# Actuarial Experience Study Prompts Changes to Economic, Demographic Assumptions

## Experience Study

Every three years MCERA asks its consulting actuary to conduct a special study where they review past experience in order to develop new expectations (assumptions) that will be used to determine the current and future costs of the pension plan. There are economic assumptions, such as inflation rate, investment rate of return and salary increases. There are also demographic assumptions, such as MCERA members' mortality rates, termination rates, retirement rates, individual salary increases, and more. All of these assumptions enable an actuary to estimate MCERA's future assets and liabilities.

## Experience & Assumptions

Actuarial assumptions are largely based on the past experience of MCERA membership. As experience changes over time, the actuary will recommend changes to the Board of Retirement to reflect shifting demographic and economic trends.

## Assumption Changes

MCERA's actuary recently completed an Experience Study for the period July 1, 2011 to June 30, 2014. They recommended — and the Board adopted — demographic assumption changes to ages at service retirement, mortality, termination, disability incidence and individual salary increases. The Board also adopted two significant economic assumption changes: reducing the inflation assumption from 3.25% to 2.75%, and reducing the assumed rate of investment return from 7.50% to 7.25%. The full study can be found on MCERA's Web Site.

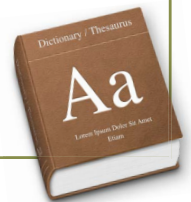
The newly adopted assumptions will be incorporated into the June 30, 2014 actuarial valuation report. In the valuation the actuary will recommend contribution rates for MCERA's members and participating employers. These rates must be adopted by the Board of Retirement before taking effect July 1, 2015, the start of the next fiscal year. The Board is expected to review

and adopt the June 30, 2014 actuarial valuation report at the regular meeting on March 11, 2015. The report will be published online shortly after.

FUNDAMENTAL DEFINITION

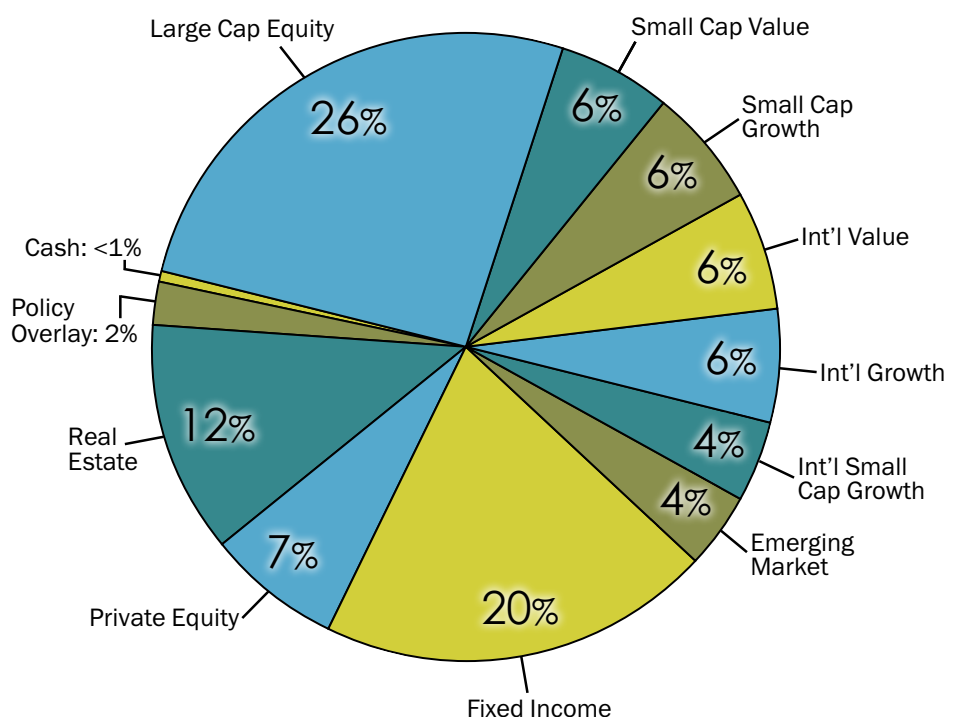
actuary  
[ak-choo-air-ee]

**Noun.** A person with expertise in the fields of economics, statistics and mathematics who helps with risk assessment and estimation of current and future costs.



## INVESTMENT PORTFOLIO as of December 31, 2014

Large Cap Equity	\$ 520,892,000
Small Cap Value	\$ 125,937,000
Small Cap Growth	\$ 116,807,000
International Value	\$ 120,308,000
International Growth	\$ 129,087,000
Int'l Small Cap Growth	\$ 84,190,000
Emerging Market	\$ 73,964,000
Fixed Income	\$ 400,782,000
Private Equity	\$ 143,572,000
Real Estate	\$ 247,335,000
Policy Overlay	\$ 41,198,000
Cash	\$ 9,162,000
<b>TOTAL</b>	<b>\$ 2,014,234,000</b>





Marin County Employees' Retirement Association  
One McInnis Parkway, Suite 100  
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Marin Superior Court  
Novato Fire  
Protection District  
Southern Marin Fire  
Protection District  
Tamalpais Community  
Services District

# FUNDamentals

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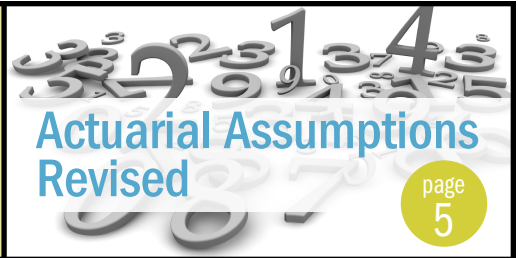
Estimate your  
benefit now!

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### Important Note

MCERA staff prepared this newsletter to help our members understand issues surrounding many aspects of their retirement benefits. The information contained herein is not intended to be all-inclusive. The information is general and is written to be as understandable as possible while remaining accurate. MCERA is governed by state and federal law. If any conflicts arise between the information presented and applicable law, the law will prevail. 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 tax counsel.

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