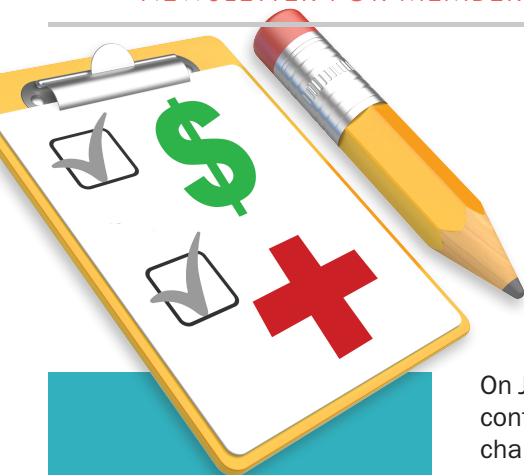


# FUNDamentals

NEWSLETTER FOR MEMBERS OF THE MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION



## Preparing for Retirement? Include Retiree Medical in Your Plans

### THIS ISSUE

Retirement Board Elections .....	2
April Retiree COLA Affirmed.....	3
Retirees: Adjust Your Withholding Any Time .....	3
Retiree COLA FAQs .....	4
Actuarial Valuation Report Adopted.....	5
Membership in MCARE....	6
Retirement Board Updates.....	6
Investments as of December 31, 2018.....	7

On January 1, 2019, the County of Marin's contracted medical insurance providers changed and these changes mean additional considerations for active employees headed into retirement as well as current retirees. Knowing what to expect as you transition from active employment is an important part of your retirement planning.

### Medicare Enrollment is Required

If you or your dependent will be over age 65 at retirement, Medicare benefits must be effective on or prior to your retirement date. You should begin the Medicare enrollment process no later than three months before you plan to retire. All active employee medical plans are non-Medicare plans, so there is no requirement to enroll in Medicare at 65 if you are still working and you may do so just before retirement.

If you or your dependent will turn 65 after you retire, Medicare benefits must be effective

on your 65th birthday. You should begin the Medicare enrollment process no later than three months before turning 65.

### Medicare vs. Non-Medicare Plans

The plans available to you and your dependents in retirement depend on 1) the provider you had as an active employee, and 2) the Medicare enrollment status of the persons enrolled.

Retirees and dependents under age 65, before Medicare eligibility, remain with the same provider you had as an active employee. This means if you have Kaiser Low, Kaiser Silver, Anthem Blue Cross or Western Health Advantage you will stay on that same plan in retirement.

Retirees and dependents over age 65 must enroll in Medicare and transition to a Medicare Advantage plan. If you have Kaiser Low or Kaiser Silver you will transition to the Kaiser Low or Kaiser Silver Senior

*Continued on page 7*

### CONTACT US

**By phone:**  
(415) 473-6147

**By fax:**  
(415) 473-3612

**In person/by mail:**  
One McInnis Parkway  
Suite 100 (first floor)  
San Rafael, CA 94903-2764

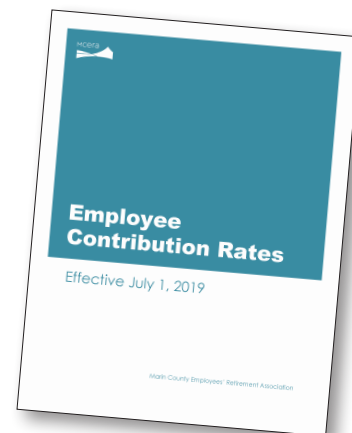
## Contribution Rates Effective July 1, 2019

Effective July 1, 2019, employee contribution rates for PEPRA tiers are changing. Classic tier employee contribution rates will remain the same. See page 5 for information about the recently adopted Actuarial Valuation Report, which is the source of the employer and employee rates.

### Finding Your Contribution Rate is Easy

The Employee Contribution Rates booklet lists employee rates, including cost-sharing information, for all retirement tiers.

Visit [MCERA.org/members/contributions](http://MCERA.org/members/contributions) to download the booklets for the current and upcoming fiscal year.



## Board of Retirement

### Steven Block

Appointed by Board of Supervisors

### Chris Cooper

Elected by Safety Members

### Roy Given

Vice Chair, Ex-Officio Member  
County of Marin Director of Finance

### Maya Gladstern

Chair  
Elected by Retiree Members

### Dorothy Jones

Alternate  
Elected by Retiree Members

### Sara Klein

Appointed by Board of Supervisors

### Laurie Murphy

Secretary  
Elected by General Members

### Karen Shaw

Alternate Ex-Officio Member

### Stephen Silberstein

Appointed by Board of Supervisors

### Phillip Thomas

Elected by General Members

### Todd Werby

Appointed by Board of Supervisors

### Vacant

Alternate  
Elected by Safety Members

## Executive Staff

### Jeff Wickman

Retirement Administrator

### Michelle Hardesty

Assistant Retirement Administrator

### La Valda Marshall

Accounting Unit Manager

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

Member comments and suggestions should be directed to:

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

# Board of Retirement Seats Up for Election

The County of Marin Registrar of Voters will conduct elections for the Second General, Seventh Safety and Alternate Seventh Safety Member positions on the Retirement Board.

If you are an active member and would like to participate in the oversight and operation of MCERA and contribute to the system's overall governance, you are encouraged to seek office for one of these positions. The term of office for each position begins November 1, 2019 and runs for three years.

Announcements will be mailed in May to all members eligible to participate in the elections. The announcements will include instructions for filing nomination petitions and the complete election schedule. The elections will be held in July.

### General Member

One seat is up for election for the Second General Member position. Candidates and those voting must be non-retired General members.

### Safety and Alternate Safety Member

Two Safety seats are up for election. The candidate with the most votes becomes the Seventh Safety Member. The closest runner-up from a different Safety classification (law enforcement, fire suppression, probation) becomes the Alternate Safety Member. Candidates and those voting must be non-retired Safety members.



## DID YOU KNOW?

The Retirement Board is MCERA's governing body with the fiduciary responsibility to invest money and administer benefits of the retirement system for all members and beneficiaries. All members of the Board are volunteers who bring their energy, commitment and expertise to the task of managing the fund and setting policy related to all aspects of the plan's operation with the assistance and support of MCERA's staff, professional advisors and investment managers, serving for the benefit of our membership.



### Appointment of Board of Retirement Members

The terms of the Fourth Member and Sixth Member, both appointed by the Board of Supervisors, also end on October 31, 2019. The Board of Supervisors will appoint members of the public who are Marin County residents and meet other eligibility requirements to fill these seats prior to that date.

# April Retiree COLA Affirmed

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

For most, the retirement benefit you receive at the end of April 2019 will include a COLA. The amount of your COLA is determined by the tier from which you retired and all retirees will receive the maximum allowable COLA for their tier.

## Calculating the COLA

The COLA is calculated as required in the County Employees Retirement Law (CERL) based on changes in the Urban Consumer Price Index (CPI) for the San Francisco Bay Area. The CPIs for the two prior calendar years are averaged and rounded to the nearest half-percent. Each retirement tier has a maximum COLA of 2%, 3% or 4%. You will only receive up to the maximum COLA for your tier even if the change in the CPI is higher. This year, the average of the two CPIs shows an increase of 3.89%, which rounds to a 4% COLA for 2019. Once again, only retirees who were in a benefit tier with a maximum 4% COLA will receive that amount. If your benefit tier has a 2% or 3% maximum COLA, that is the amount you will receive in April.

## COLA Banking

If your maximum allowable COLA is less than the increase in the CPI, the difference is “banked” for possible use in a future year (as provided by law). If the change in the CPI is less than your maximum allowable COLA, we will make a withdrawal from your COLA bank, if available, in order to bring your increase up to the maximum allowable for your tier. This year, retirees in tiers with a 2% or 3% COLA will bank 2% or 1%, respectively.



# Retirees: Adjust Your Withholding at Any Time

As a retiree, you have the option to elect whether to have Federal or State tax withheld from your MCERA benefit and at whatever rate you choose. You may elect not to have a withholding applied to your benefit, choose an amount based on the tax withholding tables, or request a specific dollar amount. For those who have elected to have taxes withheld using the tax withholding tables, please keep in mind that these tables may change annually or during the year.

If at any time you wish to change your tax election you may do so by completing new Federal and/or State tax withholding forms and returning them to MCERA. Forms are available at [MCERA.org/Resources/Forms](https://mcera.org/Resources/Forms) or upon request.

If you have questions about tax withholding you should seek assistance from licensed professional advisors.



## 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 future cost of your COLA.

## IS MARCH THE BEST TIME TO RETIRE?

Some members choose to retire on or before March 31 because doing so makes them immediately eligible for the retiree COLA effective on April 1. However, the COLA is only one of the factors you should consider when selecting a retirement date.

## Age-based Percentage Multiplier

Your age at retirement is converted to a percentage used to calculate your benefit. The percentage increases incrementally every quarter-year until you reach the maximum age for your tier's formula. You may want to consider a date that is on or after one of these incremental increases.

## Overall Retirement Income

Look at your MCERA benefit alongside all of your other income replacement sources in retirement (Social Security, 457(b) and 401(k) accounts, savings) to ensure that you will meet your income goals after your retirement date.

Visit [MCERA.org/members/retirement-planning](https://mcera.org/members/retirement-planning) for more things to consider when selecting your retirement date.





## RESOURCE REMINDER:

# Retirement Planning Checklist

It's never too early to plan for retirement, but you may not know where to start.

Visit [MCERA.org/members/retirement-planning](https://mcera.org/members/retirement-planning) to download the checklist and get helpful tips.

RETIREE  
COLA?

## Frequently Asked Questions

MCERA will  
be closed

**May 27**  
(Memorial Day)

**July 4**  
(Independence Day)

## Retirees & Beneficiaries:

Contact MCERA's Post-retirement Benefits Team with questions about medical, dental and vision benefits.

(415) 473-4149

[MCERARetirees@marincounty.org](mailto:MCERARetirees@marincounty.org)

### Why do MCERA members have a retiree COLA?

MCERA's plan is governed by the part of the California Government Code known as the County Employees Retirement Law of 1937, referred to as the CERL or the 1937 Act. While most of the provisions of the CERL are required, some of them are optional and must be adopted by participating employers in order to be effective. You have a future COLA because your employer adopted the sections of the CERL that provide a COLA to retirees.

### Does the Retirement Board grant the COLA?

No. Your COLA is set as part of your tier and was established by your employer when your tier was created. The Retirement Board's job is to determine whether the MCERA actuary has calculated the COLA correctly, affirm the correct calculation, and apply the COLA to your benefit, if there is one, for that year.

### Who pays for the COLA?

Both employees and employers share equally in funding future retiree COLAs through their contributions. When the actuary calculates contribution rates for the plan, a portion of the normal cost rate includes the future cost of the COLA. It is one of the many assumptions that are used in MCERA's funding model.

### Does the retiree COLA increase MCERA's unfunded liability?

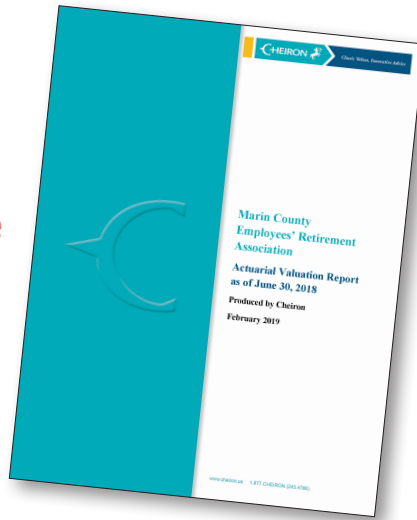
Since the cost of your future COLA is paid for through employee and employer contributions, the COLA itself does not increase MCERA's unfunded liability. The amount of contributions required to fund all MCERA benefits is based on actuarial assumptions. If one or more of the actuarial assumptions are not met, including the expected long-term average COLA for the plan, then there may be an increase in the unfunded liability. Likewise, if the annual COLA is less than the amount used to fund the cost of the plan there may be a decrease in the unfunded liability.

**I'm thinking about retiring before the end of March next year so I can receive the April COLA. How soon can I find out what next year's COLA will be?**

The Retirement Board affirms the actuary's calculation of the COLA every year at the February Retirement Board meeting, which is generally held on the second Wednesday of the month. The COLA information is always available after this meeting.

# Actuarial Valuation Report Adopted

In February, the Retirement Board adopted the June 30, 2018 actuarial valuation report, which includes updates to the plan's funding status as well as employee and employer contribution rates effective July 1, 2019.



MCERA retains an independent actuary to perform an annual actuarial valuation. The actuarial valuation determines the plan's liabilities and measures the liability against the assets available to pay benefits including any shortfalls (unfunded liabilities). This information, along with the demographic make-up of the plan, forms the basis for establishing the actuary's recommendations for employee and employer contribution rates for the upcoming fiscal year. The Retirement Board considers the actuary's recommendations in adopting the appropriate contribution rates, which are then conveyed to all participating employers for implementation.

## Improved Funding Status

As reported in the valuation, the plan's funded ratio increased as of June 30, 2018 to 87.1%, up from 84.4% the prior year, and plan's unfunded liability decreased to \$366.4 million, down from \$423.7 million the prior year. As of the measurement date, assets available to pay benefits totaled \$2.48 billion.

## Classic Member Rates

Members in Classic tiers will not see a change in employee contribution rates this fiscal year.

## Changes to PEPRA Employee Rates

All members in PEPRA retirement tiers established on or after January 1, 2013 will see a change in their contribution rate reflected in the first paycheck issued in July 2019.

## Employer Rates Decreasing

The net employer contribution rates for the County of Marin and special districts, City of San Rafael and Novato Fire will decrease effective July 1, 2019. More information on the employee and employer contribution rates can be found in the June 30, 2018 actuarial valuation report.

## DATA HIGHLIGHTS

In addition to outlining MCERA's assets and liabilities, actuarial assumptions and recommended contribution rates, the actuarial valuation report also contains statistical membership data. While the tables in the report provide a wealth of information, they won't show these interesting membership data highlights as of June 30, 2018.

Age of Oldest Retiree:  
**100**

Age of Oldest Active Member:  
**82**

Age of Youngest Active Member:  
**20**

Average Current Active Age:  
**47**

Most Service Credit for an Active Member:  
**41.8 years**

Earliest Membership Date for an Active Member:  
**Jan. 1, 1969**

Percent of Retirees in California:  
**85%**

Retirees Living in Other Countries:  
**10**



To find the contribution rates for your tier and bargaining unit, visit **[MCERA.org/members/contributions](https://mcera.org/members/contributions)**.

To view the actuarial valuation report, visit **[MCERA.org/annualreports](https://mcera.org/annualreports)**.

## RETIREE PAY DATES

April 30  
May 31  
June 28  
July 31  
August 20

## BOARD MEETINGS

May 1  
Retirement Board

May 22  
Finance & Risk  
Management Committee

June 12  
Retirement Board

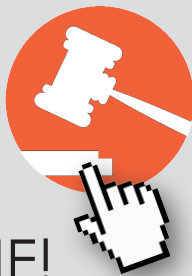
June 19  
Investment Committee

July 10  
Retirement Board

August 14  
Retirement Board

August 21  
Finance & Risk  
Management Committee

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.

# Membership in MCARE

## Marin County Association of Retired Employees

The Marin County Association of Retired Employees (MCARE) is a non-profit organization that serves retirees of MCERA's participating employers.

MCARE's purpose is to promote the welfare of MCARE members and their beneficiaries on a continuing basis; to provide a venue for meetings and social activities for our members, their beneficiaries, and their families; to support community activities and projects concerned with the general well-being of the community, and its residents; and by the dissemination of pertinent and timely information regarding retirement issues of interest to the membership; to provide current education and information to members; advise membership of legislation and policy affecting retirees; and coordinate group support on issues of special interest and concern to the membership.

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 for luncheons that include a social hour and guest speakers.

If you're interested in joining MCARE please contact MCARE 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.*

## Retirement Board Updates

### Audited Financial Statements Accepted

In January, the Board reviewed and accepted MCERA's independent auditor's report of financial condition and the GASB 67/68 report. The audited financial statements for the fiscal year ending June 30, 2018 received an unqualified (clean) opinion. The financial statements and GASB report are available online at [MCERA.org/annualreports](http://MCERA.org/annualreports).

### Semi-Annual Strategic Workshop

The Board convened for a two-day strategic workshop in April. Trustees reviewed the economic and capital markets over the last ten years and discussed the current economic assumptions and asset allocation model. The Board also received presentations on how changes to actuarial assumptions impact the plan's liabilities, and cyber security.

### Policies Revised/Affirmed

The following policies were revised or reaffirmed within the last six months:

- Adoption of Actuarial Economic Assumptions
- Compensation Earnable and Pensionable Compensation Determinations
- Election and Duties of Board of Retirement Officers
- Facility Use and Reservation
- Key Service Provider Performance Evaluation
- Portable Electronic Device
- Procedures for Hearings on Matters Other than Disability Retirement
- Records Retention
- Timing of Employer Payment of Required Contributions
- Trustee Education

# Include Retiree Medical in Your Plans

Continued from page 1

Advantage plan. If you have Anthem Blue Cross or Western Health Advantage you will transition to the UnitedHealthcare Medicare Advantage plan.

It is possible to have more than one medical provider for your family in retirement if you had Anthem Blue Cross or Western Health Advantage as an active employee. For example, if you have Anthem Blue Cross, are under age 65 at retirement and covering a spouse who is Medicare-eligible (over 65), you will remain on the Anthem Blue Cross plan and your spouse will enroll in Medicare and transition to UnitedHealthcare Medicare Advantage. Retirees and dependents with Kaiser will remain with Kaiser regardless of Medicare eligibility.

### Plan Ahead

You cannot change your medical provider as a retiree unless you move outside of a coverage area, so it's a good idea to

consider your active medical provider carefully. Your employer's active employee open enrollment period each fall is your chance to make changes that align with your retirement goals. However, before changing providers be sure to take any available employer-provided subsidy rules into consideration. Some subsidy plans require coverage with the same provider in the same plan for at least five years prior to retirement in order to receive the subsidy.

### Ask Questions

Be sure to contact MCERA with questions about retiree medical benefits during your retirement planning. Our staff will guide you through your available options so you can make the best decision for you and your dependents.

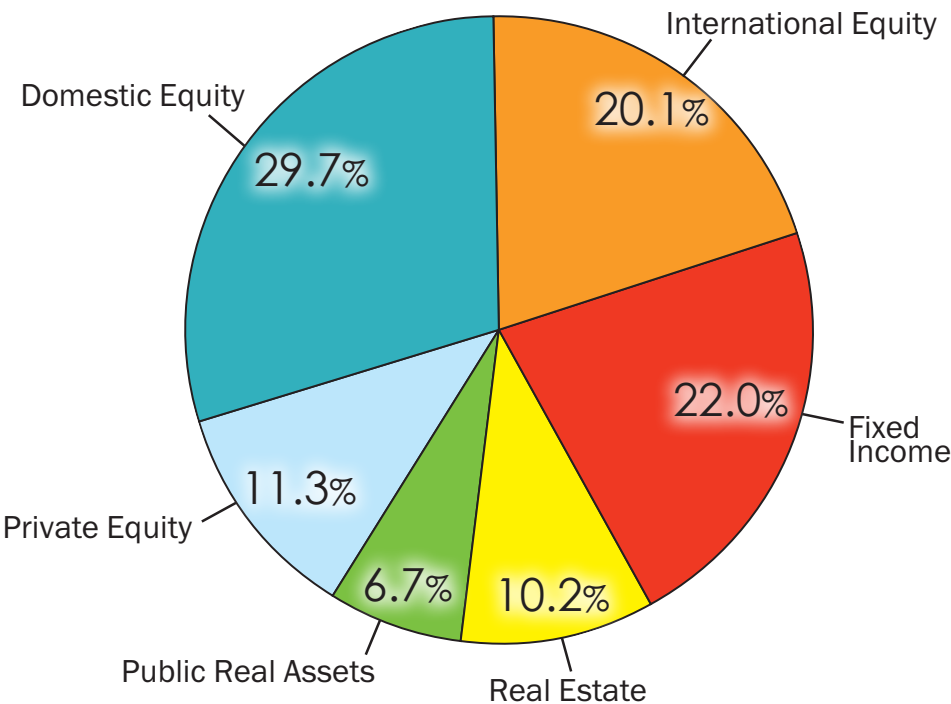
## \* IMPORTANT NOTE ABOUT RETIREE MEDICAL

Retirees of Marin County, Marin Superior Court, Marin City Community Services District, Tamalpais Community Services District Marin/Sonoma Mosquito & Vector Control District, Southern Marin Fire Protection District, and LAFCO participate in the County-sponsored medical plans described in this article.

Retirees of City of San Rafael and Novato Fire participate in medical plans through CalPERS and should refer to the appropriate Human Resources or CalPERS contact for information on those plans.

## INVESTMENT PORTFOLIO as of Dec. 30, 2018

Domestic Equity \$	699,856,410
International Equity \$	473,204,154
Fixed Income \$	518,861,283
Real Estate \$	240,156,121
Public Real Assets \$	158,529,304
Private Equity \$	267,601,717
TOTAL \$2,358,208,989	







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

FIRST CLASS MAIL  
U.S. POSTAGE  
PAID  
COUNTY OF MARIN

## 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

# FUNDamentals

## in this issue:

### Include Retiree Medical in Your Planning



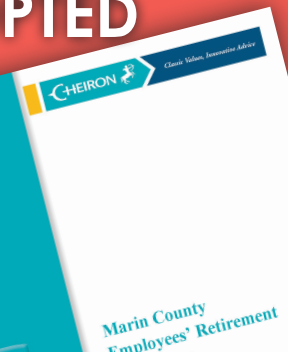
### Contribution Rates Changing

Employers and PEPR Employees will see changes effective July 1, 2019



### Retiree COLA Q&A

### ACTUARIAL VALUATION REPORT ADOPTED



#### 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.