

At Your Service

April 2017

Orange County Employees Retirement System

Quarterly Newsletter

Board of Retirement Approves 2% COLA

OCERS offers a Cost-of-Living Adjustment (COLA) of up to 3 percent per year based upon the increase or decrease in the Consumer Price Index (CPI). The CPI is derived from the Bureau of Labor Statistics Consumer Price Index for the Los Angeles, Orange and Riverside County areas. The COLA, if approved, is effective April 1st for all eligible payees and will be included in monthly retirement allowances beginning with the May 1st payment.

At its regular meeting held on February 7, 2017, the Board of Retirement unanimously approved a 2% COLA based on the calculated 1.89% increase in inflation associated to goods and services in the 2016 calendar year compared to 2015.

The COLA will impact benefit recipients differently depending upon the effective date of their allowance:

- Payees who began receiving benefits on April 2, 1982 through April 1, 2017 do not have a COLA bank and will therefore see a 2% increase.
- Payees who began receiving benefits on or before April 1, 1982, will see an adjustment of 3% (and a reduction in their COLA banks by 1%).



For more information about how the CPI impacts



the COLA, as well as determining how much payees (based on the effective date of the benefit) have in their individual COLA bank, see the “COLA Information” page on OCERS’ website in the “Retired Members” section.

OCERS pays its monthly benefits in arrears; so, although the 2017 COLA is effective April 1, eligible members will see the adjustment on their May 1, 2017 payment.

At Your Service



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At Your Service is published for members and retirees of the Orange County Employees Retirement System. Comments and suggestions should be directed to:

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At Your Service is edited and designed by Robert Kinsler and Jayne Ritchey

Board of Retirement Meetings:

All regular business meetings are held in the OCERS Board Room at 9:00 a.m. (unless otherwise specified)

January 17, 2017	February 7, 2017
March 20, 2017	April 17, 2017
May 15, 2017	June 12, 2017
July 17, 2017	August 21, 2017
October 16, 2017	November 13, 2017
	December 18, 2017

Future agendas can be found at ocers.org.

This newsletter is intended to provide you with general information. It does not constitute legal advice, and OCERS cannot provide legal advice to members. If there are any discrepancies between the information in this newsletter and the law, the law will prevail. Should you have legal questions, you are advised to consult an attorney.

New Board Member Appointed to Board of Retirement

Shawn Dewane was appointed by the Board of Supervisors in February and sworn in on March 20, 2017 to the OCERS Board of Retirement for a three year term ending December 31, 2019. He replaced Thomas E. Flanigan who served from October 2008 through February 2017.



Shawn Dewane is a registered principal and investment management consultant with Newport Beach-based Dewane Investment Strategies. In his role at the independent firm, Mr. Dewane provides comprehensive wealth planning and sound investment

management.

Before establishing Dewane Investment Strategies in 2004, Mr. Dewane served as a first vice president with Wachovia Securities and a vice president with Prudential Securities. He earned a bachelor's degree in business management from Arizona State University and an MBA from Pepperdine University, where he now serves as an adjunct professor.

A native of Wisconsin, Mr. Dewane lives in Costa Mesa with his wife Tracey, and their three children.

OCERS is administered by the Board of Retirement. Of the 10 members, four are appointed by the County Board of Supervisors; four (including the Safety alternate member) are elected by OCERS' active members. One is elected by the retired membership. The County Treasurer serves as an ex-officio member.

Filing For Your Retirement Online Is Easy

Almost 100% of our members now submit retirement applications online through the myOCERS Member Self Service portal. Applications are accepted 24 hours a day; it's secure, easy and saves time. Members thinking about retirement need to be aware of required documents OCERS needs and more importantly, the significance of the information entered on the application. Although members may retire on any date, OCERS highly recommends they do so the first day of a pay period. Meaning, complete the full pay period to benefit from full service credit and salary, and then retire the day after the pay period ends. That way the retirement benefit effective date is the day after the last day of employment, so there is a consistent income. It also assists employers who process leave pay outs and final salary records that are reported to OCERS. See the tips below to follow when filling out retirement applications that will assist you on the road to retirement.

- OCERS recommends your date of retirement be the first day of a new pay period
- Your last day of work should be the day before your date of retirement
- You will be required to submit an original or true certified copy of proof of age for you and your spouse, and an original or true certified copy of your marriage / domestic partnership certificate
 - Proof of Age can be one of the following:
 - Birth Certificate
 - Valid Passport
 - Certificate of Naturalization
- Complete a Retirement Application
 - Information needed for the application includes:

- Agency you currently work for and job title
- Date of Retirement
- Benefit Payment Election
- Beneficiary(ies) Designation
- Tax Withholding Form
- Direct Deposit Form

Once this information is submitted, a notification of your retirement will be sent to your employer and for County of Orange Employees, the Medical Benefits Office. An OCERS Member Services Retirement Program Specialist will then contact you to discuss the next steps in the process and answer any questions you may have.

For County of Orange Employees: Medical Benefits will mail you an enrollment packet with Retiree Medical Plan options available to you. Please contact Medical Benefits with any questions regarding your healthcare coverage.

Now it's time to either finish up your work life and career or sit back and wait for your date of retirement. Remember, do not go into work on your Retirement Date! You are officially retired. You cannot receive wages and retirement benefits on the same day. You will receive your first benefit payment 6-8 weeks after your date of retirement.



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OCERS Improvements Extend Beyond New Lobby

Throughout January and February of 2017, OCERS' lobby and several adjacent areas were closed for refurbishment that has dramatically improved privacy and member security for those visiting our office. The work has also provided a safer working environment for OCERS' staff.

As part of the new design, OCERS has established several new policies to further ensure that member records and personalized accounts are secure.

"As part of the improvements made at our office location, we're requesting anyone coming into OCERS provide valid picture identification such as a driver's license," said Suzanne Jenike, Assistant CEO, External Operations. "This requirement is to preserve confidentiality for our members and it is also for their protection."

OCERS' office is located at 2223 E. Wellington Avenue, Suite 100, Santa Ana, CA 92701. OCERS' office is open 8 a.m. - 5 p.m., Mondays-Thursday; and 8 a.m. - 4:30 p.m. on Fridays.

For additional information, visit ocers.org.



Payees: Notify Us When You Move!



If you are retired and plan on moving, please make sure to contact OCERS as soon as possible to keep us updated with a current address and phone number.

We would also like to get an up-to-date e-mail address if you have one. Keeping your address current ensures that you continue to receive important communications from OCERS such as Board of Retirement election materials, 1099-R forms and future issues of *At Your Service* newsletter!

You can log into myOCERS and submit your change of address online, download a "Change of Address" form and return it to OCERS, or write us a letter with your new address information and send it to OCERS at 2223 E. Wellington Avenue, Suite 100, Santa Ana, CA 92701.

An Update on OCERS' Investment Program

OCERS and the Investment Committee take a long-term view of greater than five years for its investment portfolio in order to safeguard and grow the retirement benefits required to pay current and future payees. As part of that policy, our Investment Committee, consultants and OCERS' own team of professionals review and make deliberate moves to meet long-term asset allocation decisions.

At its meeting held on January 25, 2017, the Investment Committee approved a new asset allocation policy. This was the first in a series of moves being made this year to streamline the \$13.90 billion investment portfolio and better position it for the future.

The newly-approved asset allocation policy has an expected return over 20 years of 7.8 percent with an expected standard deviation of 13 percent. As part of that new policy, OCERS will slightly increase its investments in some areas (private equity, core fixed income, real assets) while decreasing or eliminating investments in other areas (including credit, and absolute return, respectively).

At the Investment Committee's more recent February 22, 2017 meeting, OCERS' Investment department reported that OCERS' total fund recorded a 1.70 percent increase (\$229.5 million in investment gains) in the month of January 2017. Because OCERS focuses on investment returns achieved over a long-term horizon, it is valuable to note that OCERS' one-year return as of January 31 was 13.53 percent, with a trailing seven-year return of 7.22 percent – relatively close to OCERS' investment assumption of 7.25 percent.



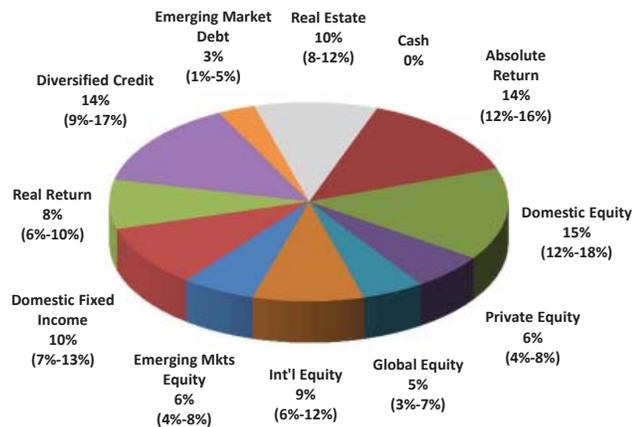
Over the longer term, domestic equity, diversified credit, private equity and real estate have contributed to the positive returns.

In the coming months, OCERS in conjunction with its consultants, will discuss and adopt target ranges, recategorize existing strategies and adopt strategic plans for each asset class going forward. OCERS is also highly focused on hiring a new Chief

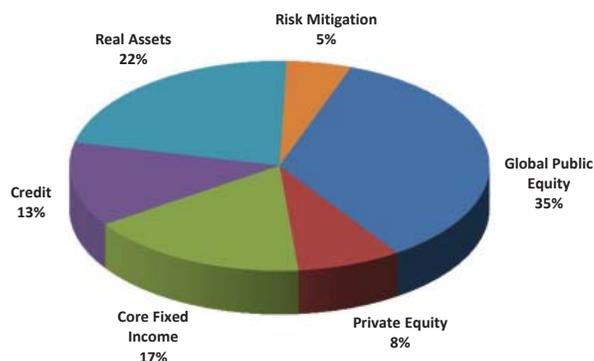
Investment Officer (CIO).

Make sure to read future issues of *At Your Service* for more updates on OCERS' investment portfolio. Or visit OCERS' website and click on the *OCERS Extra* link on the home page for a monthly summary of investment news.

Current Policy



New Policy



Pre-Retirement Sessions Key to Readiness

Your OCERS defined benefit pension is an important part of the equation of preparing to meet your retirement goals.

You may have other programs to help you achieve financial security, including an optional 457 plan (such as those offered by Empower Retirement or Nationwide), Social Security and other savings. A successful retirement starts by understanding the benefits you can count on when you retire. If retirement is in your near future you should plan on attending OCERS' Pre-Retirement Sessions which are designed to help members

navigate the choices that impact employees approaching retirement.

The retirement-related sessions are designed to provide a wide-range of information and resources to help any active or deferred member take the necessary steps to make their move into retirement. All sessions will be held at OCERS, 2223 E. Wellington Avenue, Santa Ana.

The upcoming **Pre-Retirement Sessions will be held on April 19; May 3 and 17; June 7 and 21; and July 5 and 19, 2017.**

Pre-Retirement Sessions Schedule

8 – 9:30 a.m.	Social Security session
9:45 – 10 a.m.	Retired Employees Association of Orange County (REAOC) session
10 – 11:30 a.m.	Orange County Employees Retirement System (OCERS) session
12:30 – 1:05 p.m.	County Deferred Compensation Plan (Empower Retirement) session
1:05 – 3 p.m.	County of Orange Retiree Medical session

Financial Seminar Provides Retirement Confidence

While everyone hopes to enjoy a long and secure retirement, many people never take the important steps necessary to maximize their retirement security. Members who work for several OCERS-covered employers were recently able to attend the “Financial Wellness and Planning: Managing Retirement Income” seminar designed to provide them with tips to better understand how to increase their financial fitness and begin building a successful retirement plan. The 90-minute class was presented by Greg Gower, Certified Financial Planner, who noted it is “important we plan for a long retirement.” A number of important topics were covered, including being prepared for the different phases of retirement, planning ahead for healthcare/long-term care costs, using a “bucket strategy” because we “need to have money work for us in retirement (while reducing the risk of loss of principal),” and other topics. Members don't need to have any specific background to benefit from Mr. Gower's seminars, and all participants of the Empower Retirement program are entitled to schedule a free one-on-one meeting with Mr. Gower.



For more information, visit countyoforangedcplan.com.

A Quick Guide to Employment After Retirement

California retirement law and federal tax law provide specific employment restrictions for retirees who, without reinstatement from retirement, return to work with an employer in the same public retirement system from which they receive a benefit.

With many retired members interested in remaining active and some even returning to the workplace after they have officially retired, it is important for retirees to understand basic information about working after retirement. There are two different methods for members who service retired to return to work for an OCERS covered employer. *Please note: "Service retirement" is a technical term for "regular retirement."*

Temporary re-employment

For service retirees temporarily re-employed with the County of Orange or any of OCERS' other participating plan sponsors, there is no effect on their OCERS retirement benefit payment. Temporary employment allows them to work in an hourly position requiring special skills or knowledge for up to 960 hours (equal to 120 eight-hour days) per fiscal year (typically July 1 through June 30, although some employers use the calendar year). OCERS retirees may also receive compensation as a juror, voter registration election officer, judge, Board of Retirement member, independent contractor or elected official without affecting their retirement benefit.

Retirees must wait 180 calendar days following the last day of employment as a regular employee before they can return to work. Certain special circumstances apply to the 180 day waiting period; for example the employer can certify that the employment is necessary to fill a critically needed position, or the retiree is a public safety officer or firefighter. Temporary employment will not reinstate a retiree as an active member; therefore, that retired member's OCERS benefit will not be suspended and they will continue to receive their allowance.

Returning to active membership

In order for a retired member to return to work in a full time or part time position with an OCERS participating employer and be reinstated to active membership, they must file an application with the Board of Retirement. Please note that the process includes a pre-employment medical exam. The Board subsequently determines if the member is capable of performing the job duties of the position they are seeking.

If the member is re-employed, their retirement allowance will be suspended while they work in that position and they will become an active member of OCERS for that second period of employment. Upon separation from the second period of employment, a retirement benefit will be paid to the employee based on the years of service and benefit formula that was accrued.

The value of the Cost-Of-Living Adjustments (COLAs) will be posted to the member's suspended retirement allowance and paid in addition to the accrued second benefit.

Disabled members

There are a number of restrictions that apply to OCERS members who have retired with a disability. Please contact OCERS' Disability Section for information regarding a return to work at (714) 558-6200.

For more information on returning to work under OCERS covered employment after retirement, retirees can visit the OCERS website at ocers.org and read the Summary Plan Description that applies to them.



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Hotline Seeks to Help Eliminate Fraud and Waste Involving OCERS

The OCERS Board of Retirement and management are committed to the highest standards of ethics, compliance with the law, and prudent management of plan assets.

As part of this commitment, OCERS has established an Ethics, Compliance and Fraud Hotline for plan participants, employees, vendors and the public to report concerns about suspected fraud, waste or violations of law or policy. OCERS has contracted with an independent company, EthicsPoint, to accept calls and Internet reports 24 hours a day, 7 days a week.



The information you provide will be forwarded to OCERS' Internal Audit Division by EthicsPoint on a completely confidential and anonymous basis. OCERS' Internal Audit will thoroughly and independently investigate all reports to the Hotline. To file a report, use the "Ethics & Fraud" link located on the home page of OCERS' website, or you can also dial 1-855-612-7058.

Coming up in our next issue of
At Your Service...

2016 CAFR