

# At Your Service

January 2015

Quarterly Newsletter

## Step RIGHT into retirement

Thinking about retiring in early 2015? Follow these steps to make the transition into retirement a smooth process.

1. Submit an application for retirement via the Member Information Center (MIC).

Applications can be submitted up to 60 days in advance. If you have not used the MIC, call OCERS at (714) 558-6200 and get a Personal Identification Number (also known as a "PIN") to start the enrollment process.

2. Run a benefit estimate.

Personal benefit estimates can be generated 24 hours a day 7 days a week using the calculator on your MIC account. Your online account contains information as of the last payroll cycle and the salary used by the estimator contains all pay elements reported biweekly to OCERS. Any additional items of compensation will be evaluated at the time your account is processed for retiree payroll.

3. Have your personalized counseling session over the phone.

Call your Retirement Program Specialist approximately 90 days before retiring for your one-on-one counseling session. Each OCERS Specialist is assigned to a specific Plan Sponsor and department and they will answer all your questions before retirement. Their phone numbers are posted on the OCERS Web site in the "Member Services Directory" (Quick Links box), or they can be reached at (714) 558-6200.

4. Get your documents in order.

OCERS requires proof of birth for every retiring member. In addition, a marriage certificate/domestic partnership document is also required if the designated beneficiary is an eligible



spouse/domestic partner. If you have not provided OCERS with your certificates now is the time to do so. An original or certified copy of the member and beneficiary's birth certificate(s) or passport(s) and marriage/partnership documents can be submitted at any time prior to retirement.



Many members like to retire on or before April 1 of each year to receive the Cost-Of-Living Adjustment (COLA) on April 1. The 2015 COLA will be posted on OCERS' Web site following the February 17, 2015 Board of Retirement meeting.

### *In this issue...*

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Defined Benefit plans are viable and necessary

## At Your Service



### Members of the Board of Retirement

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Wayne Lindholm  
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### Chief Investment Officer

Girard Miller, CFA

### Assistant Chief Executive Officer, External Operations

Suzanne Jenike

### Assistant Chief Executive Officer, Finance and Internal Operations

Brenda Shott, CPA

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

Robert Kinsler, Communications Manager

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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)

<b>January 20, 2015</b>	<b>February 17, 2015</b>
<b>March 16, 2015</b>	<b>April 20, 2015</b>
<b>May 11, 2015</b>	<b>June 15, 2015</b>
<b>July 20, 2015</b>	<b>August 17, 2015</b>
<b>October 19, 2015</b>	<b>November 16, 2015</b>
	<b>December 14, 2015</b>

Future agendas can be found at [www.ocers.org](http://www.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 Chair and Vice Chair on OCERS Board

At its regular meeting on December 15, 2014, the Retirement Board selected Roger Hilton as Vice Chair to start serving on January 1, 2015. The previous Vice Chair, Charles Packard, has now assumed the Chair for 2015.

Mr. Packard was first appointed to serve on OCERS' Board of Retirement in December 2011. He is an experienced board member, business executive, entrepreneur and business strategist with more than four decades of success across a wide range of professional endeavors.

Mr. Hilton was elected as the Safety Member on May 22, 2012. He has worked in law enforcement for more than 25 years, and is currently assigned to the Training Division of the Orange County Sheriff's Department.

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 automatic member of the Board.

## DB Plans viable, necessary

According to a recent study published by the acclaimed Callan Investment Institute, defined benefits (DB) plans such as OCERS are not only the principal method for ensuring retirement income security for public employees but are both viable and necessary.

Callan Associates Chairman and CEO Ron Peyton noted that DB plans are better managed institutionally so they have lower costs than DC plans. Indeed, the Callan CD Index reveals that DB plans have outperformed DC plans by an annualized 78 basis points since 2006.

To read the full "Saving Public Defined Benefit Plans" study, visit:  
[www.callan.com/research/papers](http://www.callan.com/research/papers)

# Payees: January brings payment adjustments

OCERS payees will often see adjustments (up or down) on their first monthly payment of the year.

If you are a payee and your January benefit check was less (or more) than what you received in December, there's a good reason: it's the beginning of a new year. The amount OCERS deducts from each payee's January benefit payment reflects adjustments for taxes, County-related health premiums (if applicable) and other adjustments that happen at the beginning of every year.

There are several changes impacting payees this year. Payees can no longer select a flat amount to withhold on their tax withholding form. You can make managed choices for federal and state (California only) tax withholding revisions using the Member Information Center (MIC).

Important note: payees who use a P.O. Box as their address must go with a default tax withholding selection of being "married with three dependants."



## Tune into OCERS

Have you visited OCERS' Video Library? OCERS has a number of short informational videos focusing on topics such as COLA, reciprocity, working after retirement and retirement payment options. There are also several Video FAQs posted on the site.

Simply go to "Video Library" in the Quick Links box on the home page.

## 1099's to be mailed in January

OCERS will mail IRS Form 1099-R to all payees at the end of January 2015. This form reports the total amount of income OCERS paid as well as taxes withheld during the 2014 calendar year. Payees can use this form to complete their federal and state tax returns.

If lost or missing, a duplicate 1099-R form may be requested by calling OCERS Member Services team after February 15, 2015. 1099-R and other year end summary information can also be found online via the Member Information Center (MIC).

## Pension terms: What is "Compensation Earnable"

"Compensation Earnable" is the salary used by OCERS' staff to calculate a Legacy\* member's retirement allowance. Compensation earnable consists of a member's base salary and may also include other pay items such as uniform allowance, shift differential pay, performance bonuses and bilingual pay. More information on the factors used to determine your retirement allowance can be found by reading your Summary Plan Description (SPD). SPDs for all of OCERS' pension formulas are available online via the Active Members drop down menu accessible at the top of OCERS' Web site.

\*Legacy members are employees who entered public employment with OCERS covered employers or reciprocal employers prior to January 1, 2013. Certain exceptions may apply.

# Financial Planning Classes focus on smart money

A large majority (80 percent) of retirement-age Americans received failing grades after taking a basic quiz on how to make their nest eggs last throughout retirement, according to The American College of Financial Services. The organization's recent survey also revealed that a majority of people age 60 to 75 with at least \$100,000 in assets lack essential knowledge in areas such as Social Security, life expectancy, long-term care needs, investment risk and more.

Understanding the steps you as a member of OCERS can take to help enhance your overall financial health is a key reason to enroll in the Financial Planning Class held at OCERS. The three night class teaches members worthwhile tools to:

- Create a path to follow and make appropriate financial decisions
- Know when you can retire and how much you will need
- Identify factors that can positively or negatively impact your plan to retire
- Make appropriate investment selections for your short, mid and long-term goals
- Locate resources for further education and planning



**SCHEDULED DATES  
for upcoming classes:**

**Financial Planning Class**  
Wednesdays  
February 4, 11 and 18, 2015  
6 – 9:30 p.m.

**Financial Planning Class**  
Wednesdays  
March 4, 11 and 18, 2015  
6 – 9:30 p.m.

**Financial Planning Class**  
Wednesdays  
April 1, 8 and 15, 2015  
6 – 9:30 p.m.

OCERS

Members will also learn income tax planning, estate planning, proper beneficiary designations, calculating Social Security benefits, and an explanation of the OCERS' pension, among other things.

Members will have an opportunity to meet with the financial advisor after the class is completed at no cost on a one-on-one basis to have specific questions answered and create a personalized financial plan with recommendations for the best steps to achieving their financial goals. Attendees have found this individualized planning to be extremely valuable.

Financial Planning Classes are held in OCERS' Training Room, 2223 E. Wellington Avenue, Santa Ana, CA 92701. The three-night class is free; however, seating is limited so reservations are required. To make your reservation to attend this class, visit [www.ocers.org](http://www.ocers.org) and see the "Retirement Seminars" page. For more information on upcoming Financial Planning Classes please call Robert Kinsler at (714) 558-6230.

# OCERS receives PPCC Standards Award

OCERS has been recognized with the Public Pension Standards Award for Funding and Administration. Presented by the Public Pension Coordinating Council (PPCC), OCERS received the award in recognition of meeting professional standards for plan funding and administration as set forth in the Public Pension Standards. This marked the second consecutive year that OCERS earned the prestigious award.

The PPCC is a coalition of three associations that represent public pension funds who cover the vast majority of public employees in the United States. The associations are the National Association of State Retirement Administrators (NASRA), the National Conference of Public Employee Retirement Systems (NCPERS) and the National Council on Teacher Retirement (NCTR).

“Receiving this award is two-fold: it is a testament to our Plan Sponsors that they are adequately funding the System and on the administrative side, it is a reflection of the hard work and dedication of the entire OCERS team,” said Tracy Bowman, OCERS’ Director of Finance.

To qualify for the Recognition Award for Administration, the retirement system is assessed on

the following administrative standards:

- Comprehensive Benefit Program
- Audit
- Actuarial Valuation
- Investments
- Communications

To qualify for the Recognition Award for Funding, the retirement system must certify that it meets a requirement for funding adequacy.

OCERS contribution rates are equal to or greater than 100 percent of the Annual Required Contribution (ARC) and as a result met the criteria for funding adequacy.



## How can I get an estimate of my future benefit?

OCERS’ Web site has two powerful Benefits Calculators. The first is a universal calculator that the user controls by entering hypothetical data. Things like expected age at retirement, projected years of service credit and final average monthly salary are all entered and a monthly benefit is calculated.

The second more robust calculator contains data elements specific to each individual member. This calculator is available by logging into your confidential OCERS account in the Member Information Center (MIC). Your final average salary and years of service credit are already

populated. All you have to do is enter when you plan on retiring and a benefit estimate is generated.

Tools such as these and others are available on the OCERS Web site at: [www.ocers.org](http://www.ocers.org).



# Investment Committee plays key role at OCERS


For the growing number of payees who depend on OCERS for their retirement income, OCERS' Investment Committee plays a crucial role in working with the retirement system's staff and selecting consultants to manage a \$12 billion diversified portfolio.

Comprised of the 10 members who also serve on the Board of Retirement, the Investment Committee makes critical decisions at monthly meetings that ultimately impact the growth of OCERS' portfolio. For example, at the Committee's November meeting, actions were taken to commit \$100 million to an energy manager, and another \$150 million was directed to a trio of private equity mandates.

An online newsletter titled *OCERS Extra*, is available on OCERS' Web site, and provides monthly highlights of actions taken by the Investment Committee.

value	SAVINGS		\$ \$ \$	COLA
	interest			
job	P R O V I D E S	investment	DB	today saving
			Service	%
50-100-100	promised	YOUR	PLAN	
security	save	comfortable	RETIREMENT	Lifetime BENEFITS
				WE
GROW	ASSET	Long-Term	\$money\$	
			RELIABLE	

**Retirement Matters**



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## Pre-Retirement Sessions set for early 2015

It's not unusual for some OCERS members to work 20 or 30 years before they begin to seriously think about retirement. Other members begin planning for their retirement from the very beginning. The good news is that OCERS offers a special series of Pre-Retirement Sessions designed for all members thinking about making the transition from employee to retiree. 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 Session dates will be held on January 21, February 4 and 18, March 4 and 18, 2015. Members can get additional dates on OCERS' Web site.

### Pre-Retirement Sessions Schedule

- 8 – 9:30 a.m. Social Security and Medicare 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 (Great-West Retirement) session
- 1:05 – 3:00 p.m. County of Orange Retiree Medical session

# Outreach remains an essential part of OCERS

By Steve Delaney, Chief Executive Officer

As evidenced by this newsletter you are reading, communication is an essential part of what we do to inform members, participating employers and the general public about our operations and investments.

In addition to *At Your Service*, the OCERS Web site, social media and other formal ways we communicate, we like to get out and get in front of our members.

During 2014 OCERS staff participated at dozens of free informational seminars. We had a Retirement Program Specialist at 22 daytime Pre-Retirement Sessions and 10 evening Financial Planning Classes. In addition, we hosted monthly lunchtime seminars presented by Great-West Retirement Services where OCERS staff members were available to answer general questions before and after those events.

Another effective way we were able to meet members was by participating at health fairs. Staff from our Member Services and Communications departments staffed the first-ever Child Support Services Employee Resource Fair in June, and participated at the annual Orange County Employees Association Health Fair in early September.

And while health fairs provide a wonderful opportunity to reach active members who are still working, we also enjoy staying in touch with our retired members. OCERS always makes an effort to send a representative to the Retired Employees Association of Orange County (REAOC) luncheons. Here we get a chance to provide information on OCERS' investment portfolio, the yearly Cost-Of-Living Adjustment (COLA), Board elections and



other issues of special interest to the hundreds of retirees who attend.

Finally, we still strive to be available to assist retiring members one-on-one via phone counseling sessions. The personalized information provided during these calls helps members understand the factors that are used to calculate their retirement allowance, as well how they can make the transition from employee to payee a smooth one.

As we move into 2015, our staff looks forward to continuing to provide you with a high level of service. We are as close as an email, phone call or handshake away.

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## Member Statements available 24/7 via the MIC

If you are an active or deferred member, your future plans likely include collecting a retirement allowance from OCERS. If so, you will want to use the Member Information Center (MIC) to stay informed and manage your account.

By accessing the Member Information Center (MIC) you can:

- Keep track of your member contributions and interest. You can also download a current account balance statement often needed for loans or income verification.
- Confirm your beneficiary designations and make appropriate updates.
- Confirm that OCERS has your correct mailing address on file.
- Get an estimate of future benefits (see Benefits Estimator article on page 5).



The personalized Benefits Estimator is especially useful in planning for the future. What if you work longer? What if you get a promotion? Members can enter different scenarios into the Estimator to see how life changes may affect your future benefit amount. For more information about OCERS or to access the MIC, visit [www.ocers.org](http://www.ocers.org).

Coming up in our next issue of  
*At Your Service*. . .  
2015 COLA Update