



# At Your Service

Orange County Employees Retirement System

Volume 12 Number 2 Magazine for all Members April 2013

## Your Retirement Horizon

Seminars

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2013 COLA

## At Your Service



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### Assistant Chief Executive Officer, External and Legal Operations

Julie Wyne

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At Your Service is published for members and retirees of the Orange County Employees Retirement System

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### Board of Retirement Meetings:

All regular business meetings are held in OCERS Board Room at 9:00 a.m. Upcoming meetings:

<b>April 15, 2013</b>	<b>May 20, 2013</b>
<b>June 17, 2013</b>	<b>July 15, 2013</b>

*Cover photo courtesy of OC Parks*

## 2013 COLA Update

OCERS benefit recipients will see a Cost-Of-Living Adjustment (COLA) beginning with their May 1, 2013 monthly retirement allowance.

At its regular meeting held on February 19, 2013, the Board of Retirement approved a recommendation to adjust all applicable retirement allowances in accordance with the 2.04 percent change in the Consumer Price Index (CPI) which was rounded to 2.0 percent as is required by statute. Per Government Code Section 31870.1, OCERS annually adjusts the benefit allowances relative to the increase or decrease in the Bureau of Labor Statistics CPI for the urban area encompassing Orange County.

The COLA will affect benefit recipients in different ways depending upon when they retired.

For benefit recipients who began receiving benefits on or before April 1, 1986, OCERS will grant a 3 percent COLA and reduce their individual COLA banks by 1 percent. For those benefit recipients who began receiving benefits between April 2, 1986 and April 1, 1987, OCERS will grant a 2.5 percent COLA and reduce the COLA banks by .5 percent. For those benefit recipients who began receiving benefits between April 2, 1987 and April 1, 2013, OCERS will increase those benefit allowances by 2 percent.

Because the COLA goes into effect on April 1, payees will see the COLA adjustment on their May 1 payment. For more information about how the CPI impacts the COLA, as well as determining how much retirees (based on the year of retirement) have in their individual COLA bank, see the "COLA Information" page on OCERS' Web site.

In addition, computer users can get more details about the COLA bank by viewing the "OCERS Retiree COLA & COLA Bank" video on OCERS' Web site. Visit [www.ocers.org](http://www.ocers.org) and click on "Video Library" in the Quick Links section to access that video and many others.

## Townhall Meetings provide answers

In late 2012, OCERS held two special Townhall Meetings at the Hall of Administration in Santa Ana to provide members the chance to hear from trustees from the Board of Retirement as well as from OCERS' executive management team about a wide range of important topics.



The ambitious program held on November 27 and again on November 29 attracted members interested in learning more about OCERS' \$10 billion investment portfolio, the impact of the Public Employees Pension Reform Act (PEPRA) that went into effect on January 1, 2013, and other hot topics.

“Thank you for attending,” Board Member Frank Eley said. “Your retirement is the biggest investment in your life.”

Board Member Roger Hilton reassured members that OCERS is strong and the system's assets are used solely to administer the fund, and to provide retirement and survivor benefits.

One of the chief concerns among members in recent months has been how PEPRA will impact them. Julie Wyne, Assistant CEO, External & Legal Operations, explained that while new members who are hired after January 1, 2013 will be put in a new benefit formula, members employed on or before December 31, 2012 will continue to be members of the plan in place at that time. The principal impact of the law impacting active and retired members covered by OCERS prior to December 31, 2012 is that if they return to an OCERS-covered agency to work after retirement, they must wait at least 180 days before doing so. Members were also told that their ability to earn annual Cost-Of-Living Adjustments (COLAs) are not impacted by the PEPRA law.

The Townhall Meetings provided the perfect forum for Suzanne Jenike, Director of Member Services, to explain how members can use the online Member Information Center to verify their account information and use interactive features to calculate their retirement allowance, confirm their beneficiary information and even retire online.

OCERS will continue its member outreach by visiting different employers throughout 2013.

## Follow us on Twitter



OCERS is now on Twitter. Go to the OCERS Web site and click on the Twitter link to follow @myOCERS. You can get news and important updates on OCERS.

# Financial Strategies Seminars set for spring 2013

According to an annual national survey assessing household savings habits released as part of America Saves Week on February 26, 2013, only a little more than half of Americans (54%) have a savings plan with specific goals established to prepare for the future.

In addition, only 49% of the nonretired respondents said they are saving enough for a retirement in which they will have a desirable standard of living.

Understanding steps you can take to help enhance your overall financial health is a key reason to enroll in the Financial Strategies Seminar that will be held at OCERS this year. The seminar 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

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.

The class is small, interactive, presented in a supportive environment, and the instructors do not spend time on self-promotion, or discussing specific products. Lastly, 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 Strategies Seminars are held in OCERS' Training Room, 2223 E. Wellington Avenue, Santa Ana, CA 92701-3161. The three-session workshop seminars are free, but reservations are required. To make your reservation to attend this seminar, please log on at [www.ocers.org](http://www.ocers.org) and click on "Retirement Seminars."

For more information on upcoming Financial Strategies for Retirement Planning Seminars, please call Robert Kinsler at (714) 558-6230.

## SCHEDULED DATES for three-session workshop:

**Workshop**  
Wednesdays  
May 1, 8 and 15, 2013  
6 – 9:30 p.m.

**Workshop**  
Wednesdays  
June 5, 12 and 19, 2013  
6 – 9:30 p.m.

**Workshop**  
Wednesdays  
July 10, 17 and 24, 2013  
6 – 9:30 p.m.



# OCERS investments enjoyed strong 2012

**By Girard Miller, Chief Investment Officer**

As most stakeholders know, the financial markets finished calendar year 2012 on a strong note. OCERS' total portfolio returns for the year ended December 31, 2012 were 12.26%, reflecting growth in stock market values worldwide -- as well as positive returns in other market sectors including the bond market, real estate and alternative investments such as hedge funds and private equity.

The strong finish also helped our long-term returns, with December's 10-year performance average at 8.26% which was well above the actuarial assumptions that prevailed in the 2003-2012 period. That represented a major gain from the previous year's 10-year numbers. That said, the 5-year performance was weak at 4.42%, reflecting the impairment of our returns during the Great Recession which began in October 2007 and drove investment prices in most markets much lower in 2008 and early 2009.

OCERS' Investment Team has been encouraged by the market's continued strength in early 2013 as certain indexes have finally recovered from their 2007 high water marks in the first quarter of this year. Only time will tell if those recent gains are sustainable, but the economy now shows signs of strengthening with the housing market seeming to have turned the corner, private payrolls expanding modestly, and other sectors of the economy growing at least slowly despite the fiscal drag from Washington DC, where resumed payroll taxes and the federal budget constraints have subdued the national economy's growth rate this year by about 1 percentage point below capacity.



We are continuing to "build out" our portfolio diversification plan which was approved mid-year 2012, to include other asset types. We have now funded emerging-markets debt managers and our newly approved real estate structures. Work is underway to add diversified credit managers in the "direct lending" space where institutional investors are providing capital to fill a lucrative void in the mid-market lending world that has been vacated by traditional sources such as banks in the new federal regulatory environment. These new ways to put OCERS capital at work will seek to obtain higher investment yields than traditional government bonds, but with less risk than most stock strategies and broader diversification in the overall portfolio.

As we go to press, the Board Investment Committee will begin reviewing staff recommendations to retain a consultant to work with us on Portfolio Risk Management, as part of our ongoing efforts to run this plan somewhat more conservatively than most of our public sector peers, and with an eye on the downside as well as the upside while we seek to benefit from a slow-growing economy.

# Working after retirement

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.

## 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 (*Cora Andaya and Lan Mai, pictured here, are retirees working at OCERS*). 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 (July 1 through June 30). 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 regular position at an OCERS Plan Sponsor 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.

*Story continued on next page*

## 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 Web site at [www.ocers.org](http://www.ocers.org) and read the Summary Plan Description that applies to them.

## STAR COLA approved by Board of Retirement

At its regular meeting on March 18, 2013, the Board of Retirement unanimously approved payment of Supplemental Targeted Adjustment for Retirees, Cost-Of-Living Adjustment (STAR COLA) for the period April 1, 2013 through March 31, 2014.

STAR COLA is designed to restore purchasing power for retirees and survivors who have lost more than 20 percent of their purchasing power since retirement, as measured by the accumulation in a retired member's COLA bank. The STAR COLA applies only to those 643 members who retired on or before April 1, 1981.

The STAR COLA provides a much needed cushion to OCERS' oldest retirees, whose benefits have been most diminished by inflation over time.

Inflation, or the rise in the prices of goods and services, reduces the purchasing power of cash over time. Even at 3 percent per year – the average rate since 1926 – inflation may slash the purchasing power of \$1,000 to \$543 over 20 years (according to the Bureau of Labor Statistics).

Eligible payees will see the STAR COLA in their May 1, 2013 monthly allowance payment.

## Pre-Retirement Seminars update

While it's easy to live for today, the transition into retirement requires plenty of advance planning. To help fill this need for those nearing retirement, OCERS offers Pre-Retirement Seminars. These daytime seminars are held at OCERS, 2223 E. Wellington Ave., Suite 100, Santa Ana, from 8 a.m. to 2:30 p.m. The one-session seminar is free, and there is plenty of free on-site parking for those attending. Various topics are covered. A Social Security representative will discuss Social Security and Medicare benefits; a representative from "Deferred Compensation" will discuss the County of Orange 457 plan; a representative from the County of Orange retiree medical program will discuss the County's retiree medical benefit options; and an OCERS Retirement Specialist will focus on your OCERS retirement benefits. **Seminar dates: April 3 and 17; May 1 and 15, 2013; June 5 and 19, 2013.**

No registration is necessary for the Pre-Retirement Seminars. Members are welcome to take this seminar as often as they like. It is important to note that members are free to attend the seminar all day, or sit in on only those topics of interest to them. For more information visit [www.ocers.org](http://www.ocers.org).



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## On the move? Please keep OCERS and your employer updated



If you are an active member, please look at your most recent pay stub to verify that your home address is accurate. To correct your address, contact the Human Resources Specialist or Payroll Representative within your Agency/Department as soon as possible.

If you are a retiree 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 so you continue to receive important information from us, including your 1099-R Form and future issues of *At Your Service* magazine.

If you have more questions about the process of keeping OCERS and your employer updated, please watch the “On the Move” video available on OCERS Web site at [www.ocers.org](http://www.ocers.org). Once at the site, you can click on the “Video Library” to access a number of informational videos, including the “On the Move” video.

