

# At Your Service

July 2014

## Defined Benefit Plans = Value on many levels

While the ability to collect a lifetime retirement allowance is the primary focus of our members, there are additional benefits Defined Benefit plans like OCERS have to offer.

“OCERS does more than pay a monthly benefit to a retiring member,” said Suzanne Jenike, Assistant CEO, External Operations at OCERS.

“OCERS also administers lifetime benefits to members who become permanently disabled while employed and qualify for disability retirement, as well as making monthly continuance and burial benefit payments to eligible survivors of members who pass away, either while working or during retirement. The benefit amount issued will vary based on the circumstances of the member’s account and their beneficiary designation; however these additional benefits make OCERS much more valuable than a traditional 401(k) or savings account.”

OCERS monthly payments are formula driven and are not subject to the ups and downs of the stock market. By being pre-funded through employee and employer contributions, as well as investment earnings, OCERS provides security when members need it most.

There are other things to consider. In 2010, the poverty rate for elderly households that did not have pension income was nine times greater than for households with pensions, according to a study by the National Institute on Retirement Security (NIRS). The nonprofit organization had previously compiled similar data for 2006, when the number of elderly households without pensions and who



were living in poverty was six times that of their pensioned counterparts. The study defines “poor” as having income at or below the federal poverty level, while “near poor” refers to income up to twice that threshold.

“I encourage members to learn as much as they can about their OCERS benefits and take an active role in staying informed about important issues that impact us all,” Ms. Jenike said.

The Summary Plan Description as well as other valuable information on all of OCERS benefits can be found by visiting our Web site at [www.ocers.org](http://www.ocers.org).

OCERS investment staff honored with GFOA Award for risk analytics program. See page 3 for the full story.

## At Your Service



### Members of the Board of Retirement

Frank E. Eley, Chair  
Charles E. Packard, Vice Chair  
David Ball  
Tom Beckett  
Thomas Flanigan  
Shari L. Freidenrich  
Raymond Geagan  
Roger Hilton  
Wayne Lindholm  
Chris Prevatt

### Chief Executive Officer

Steve J. Delaney

### Chief Investment Officer

Girard Miller, CFA

### Assistant Chief Executive Officer, External Operations

Suzanne Jenike

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

Brenda Shott

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

### OCERS

2223 E. Wellington Avenue, Suite 100  
Santa Ana, CA 92701-3161  
Telephone: (714) 558-6200  
Toll-free within California: (888) 570-6277  
Web site: [www.ocers.org](http://www.ocers.org)

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

### Board of Retirement Meetings:

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

January 21, 2014	February 18, 2014
March 17, 2014	April 21, 2014
May 19, 2014	June 16, 2014
July 21, 2014	August 27, 2014
October 20, 2014	November 17, 2014
	December 15, 2014

## Medicare questions? Get assistance via HICAP

The California Department of Aging's Health Insurance Counseling and Advocacy Program (HICAP) provides personalized counseling, community education and outreach events for Medicare beneficiaries. HICAP is the primary local source for accurate and objective information and assistance with Medicare benefits, prescription drug plans and health plans.

California HICAP is part of a national network of State Health Insurance and Assistance Programs (SHIP). SHIP is a Federal grant program that helps States enhance and support a network of local programs, staff, and volunteers. Local programs are charged with directly helping beneficiaries to understand how to use their Medicare benefits including Prescription Drug Plan coverage, Medicare Advantage plans, Medicare supplemental policies, Medicare Savings Programs, and long term care insurance. The Centers for Medicare and Medicaid (CMS) administer the SHIP grant programs nationally.



HICAP provides free community education and unbiased confidential individual counseling statewide. HICAP Counselors are trained to assist you with choosing and/or enrolling in Prescription Drug Plans and Medicare Health Plans, filing original Medicare and private insurance claims and/or preparing Medicare appeals. If you are considering purchasing long-term care insurance or Medicare supplement insurance, HICAP Counselors can help you compare policies and explain what services each policy provides.

For more information call the local HICAP office at (714) 560-0424 or toll free at (800) 434-0222. Information is also available by visiting their Web site at: [www.aging.ca.gov/hicap](http://www.aging.ca.gov/hicap).

# OCERS earns GFOA Award for investment program

OCERS' investment program was recently honored with a prestigious award as part of the 2014 Awards for Excellence in Government Finance.

OCERS was one of four winners of the Government Finance Officers Association of the United States and Canada (GFOA) 2014 Awards for Excellence in Government Finance presented at GFOA's annual conference in Minneapolis, Minnesota on May 20, 2014.

OCERS was recognized by GFOA in the "Pensions and Benefits" category, specifically for creating a pension portfolio risk analytics program. The award-winning program has three central components: 1) economic market risk analytics that OCERS shares with other public plans; 2) portfolio-wide risk analytics; and 3) an analysis of "micro" risks at the manager level.

For the first segment of the project, OCERS created economic dashboards designed to improve staff proficiency and accountability, and to help board members make better decisions. The pension system provides these dashboards at no cost to any public pension plan upon request. Part two of the project required OCERS to develop risk analytics systems that quantitatively analyze the investment portfolio itself, with the unprecedented inclusion of risk advisory and interpretive services seldom employed in the public sector. Finally, the third part of the project allows OCERS to evaluate individual manager risks, including variations in performance from manager benchmarks and performance proxies that would indicate a potential violation of investment policy.



**GFOA Past President Tim Firestine presents award to CIO Girard Miller and CEO Steve Delaney.**

According to GFOA, "The unique portfolio risk toolkit OCERS has constructed is one of the most robust means of risk analysis available to mid-size and smaller public pension funds."

On May 28, OCERS' investment staff was honored at the monthly Investment Committee meeting (*see photo below*).



"With all the work and focus we've placed on portfolio risk management and in-house analytics, it's nice to see OCERS win this prestigious national recognition," said Mr. Miller.

# It's never too early to plan for your retirement

It's never too early to prepare for retirement. Indeed, while members might have a good handle on their sources of income going into retirement, expense challenges such as anticipated home and mortgage expenses, health care costs and even taxes make it difficult to forecast the complete picture.

A recent article in Plansponsor.com revealed that "retirees significantly underestimated the impact taxes would have on them during retirement years." In addition, a recent survey conducted by Fidelity Investments estimates couples retiring this year at 65 will need \$220,000 for health care costs during retirement. The more members understand about their finances and how much money they will need after retirement, the better.

Understanding 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 Strategies Seminar that will be held at OCERS in 2014. 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

## **SCHEDULED DATES for three-session workshop:**

### **Workshop**

Wednesdays  
July 9, 16 and 23, 2014  
6 – 9:30 p.m.

### **Workshop**

Wednesdays  
September 3, 10 and 17, 2014  
6 – 9:30 p.m.

### **Workshop**

Wednesdays  
October 1, 8 and 15, 2014  
6 – 9:30 p.m.



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, visit [www.ocers.org](http://www.ocers.org) and see the "Retirement Seminars" page. For more information on upcoming Financial Strategies for Retirement Planning Seminars, please call Robert Kinsler at (714) 558-6230.

## Now is a good time to update your beneficiaries

Most members provide OCERS with their beneficiary designations when they sign their new hire affidavit. After that, the member must update their beneficiaries directly with OCERS and the employer is not involved. As life events occur, these important designations should be kept current so their OCERS file is updated. Life events like marriage, birth or adoptions all need to be documented so OCERS is able to make possible benefit distributions in accordance with a member's wishes.

For retired members, it's important to keep this information current as well. Upon the death of a member, his or her eligible survivors and/or beneficiaries are entitled to certain benefits. That is why it is so important for members to keep their beneficiary designation up-to-date. Members who elected optional benefit payments (option 2, 3 or 4) at retirement are precluded from changing their continuance beneficiary; however they can change the designated beneficiary who will receive the burial benefit.

Are you a member who retired 20 or more years ago? Chances are you might need to update your beneficiary information. "Of the 10 or so weekly calls we get related to death and survivor benefits, at least one member file is out of date," explained Sandy Guevara, a retirement program specialist.

If a member's file is lacking current survivor information, OCERS might be required to pay death benefits to an estate; thereby delaying how long it will take to pay those benefits to a member's loved ones.

"The files most out-of-date designations are typically associated to retirees in their 80s or 90s. We check their beneficiary information

and often find the designations that were made when the member originally retired," said Janice Towner, a retirement program specialist.

The fastest way to update beneficiary information is to use the self-service Member Information Center (MIC) on OCERS' Web site. Members who do not have access to a computer should call OCERS at (714) 558-6200 and request OCERS mail the beneficiary change form.



For more information on beneficiary designations and survivor benefits, visit [www.ocers.org](http://www.ocers.org)

## Long-Term Care Coverage is now available

OCERS members interested in obtaining long-term care will be pleased to know that the CalPERS Long-Term Care Program is accepting new applications. Long-term care is different from other health care. Long-term care plans cover services that are not traditionally covered under someone's health plan, disability insurance or Medicare supplemental policies. Long-term care refers to the services available to people who have difficulty managing the activities of daily living, such as bathing, dressing and eating.

The program offers flexible long-term care coverage options and is designed specifically for current California public employees, retirees, their spouses, parents, parents-in-

law, and adult children and adult siblings, between the ages of 18 and 79. Participants do not need to participate in CalPERS retirement or health benefit programs to be eligible, meaning that the majority of OCERS members are eligible to apply.

Coverage through the Long-Term Care Program helps pay for long-term care services you receive at home from an approved independent provider, home health agency, or in a facility.

Visit [www.CalPERSLongTermCare.com](http://www.CalPERSLongTermCare.com) to learn more about the CalPERS Long-Term Care Program. Download or request an application kit and watch powerful testimonials from long-term care participants or call CalPERS' long-term care specialists directly at (800) 908-9119.

## Pre-Retirement Sessions during the summer

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 next Pre-Retirement Session dates will be held on July 16 and August 6, 2014. 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 a.m. - noon	County of Orange Retiree Medical session
1 - 1:30 p.m.	County Deferred Compensation Plan (Great-West Retirement) session
1:30 - 2:45 p.m.	Orange County Employees Retirement System (OCERS) session

# Employee's contribution rates scheduled to increase in July 2014

Beginning July 2014, the majority of OCERS active members are likely to see an increase in their contribution rates. Members working in positions that require the employee to pay their own full retirement costs, without an employer pick up, are impacted most, and may see a decrease in their biweekly take home pay.

Contribution rate changes, whether up or down, are normal for retirement systems that pre-fund retirement benefits. OCERS retirement benefits are funded through contributions paid by employers and employees, as well as from OCERS investment earnings.

The average general member's employee contribution rate will increase by approximately 1.8% effective July 1, 2014. For example, if your contribution rate is currently 10% it will increase to 11.8%.

Additionally, it is important to note that certain bargaining units are subject to an additional employee-paid contribution, often referred to as a "Reverse Pickup." These rates are set by the employer and are used to offset the employer's ongoing pension obligations.

The 2014/2015 employee contribution rates that go into effect on July 1, 2014 are posted on OCERS' Web site. OCERS encourages all members to become familiar with their contribution rates and plan accordingly for the changes that may occur each fiscal year. Find your rate and estimate your pay adjustment – it only takes a moment.

For more details on contribution rates, or to access your rate, visit the Quick Links section of OCERS' Web site at [www.ocers.org](http://www.ocers.org).

Here's where the money comes from...  
(for every dollar OCERS receives\*)



**Net Investment Income**  
This includes earnings from stocks, bonds, alternatives, real estate and other investments, minus fees.

**Employer Contributions**  
This is the money paid to OCERS from employers for pension benefits.

**Employee Contributions**  
This is the money active employees pay into the fund for future benefits.

\*This graphic represents a simplification of OCERS' net additions for the period 1998 – 2013.



Orange County Employees Retirement System  
2223 E. Wellington Avenue, Suite 100  
Santa Ana, CA 92701-3161

PRESORTED  
First Class  
U.S. Postage  
**PAID**  
Permit #336  
Anaheim, CA

## System improvements = customer service

OCERS is in the midst of implementing a new pension administration system known as V3. The system is scheduled to go “live” and replace OCERS’ current software PensionGold in December 2015. There are a number of important things that members and Plan Sponsors (employers) should know related to the project.

Most importantly, since OCERS and its many participating employers are converting payroll records and a myriad of personal data on each member from the current system to V3, it is essential that members make sure their beneficiary and addresses are up to date. Active members should make address changes through their HR department. Those who are deferred can go online and



**PLAN SPONSOR:** Tim Deutsch,  
General Manager of the Orange  
County Cemetery District.

download a “Change of Address” form; once that document is updated and signed, simply mail it back to OCERS. Retirees can use the online Member Information Center (MIC) and submit their new information online, or they can call OCERS at (714) 558-6200 and have a form mailed to them.

A new feature being developed with the V3 system is the Employer Self Service (ESS) portal. The secure web based portal will provide employers with the ability to perform common member maintenance tasks such as adding a new member, updating a member’s home address, phone number or creating a new employment record. Stay tuned for future updates on the project!

Coming up in our Fall issue of  
*At Your Service* . . .

“CAFR” and “OCERS by the Numbers”