

At Your Service

July 2015

Orange County Employees Retirement System

Quarterly Newsletter

Retirement is just a Click away

OCERS was one of the first systems within the state to offer members the convenience of filing for retirement electronically making us unique among pension systems. Members have found retiring online to be easy and secure. More than 97 percent of OCERS members now utilize OCERS' Web site to file their service retirement application.

Several initial steps are required to get the process started:

- ❖ Enroll (if you haven't already) in the Member Information Center (MIC)
- ❖ Log in to your OCERS account; review service and salary information
- ❖ Click on the "Ready to Retire?" tab
- ❖ Follow the online instructions to complete and submit your application

Once you have submitted your online application, OCERS' Team will process the documents and reach out to you to review the information you have submitted and provide benefit estimates and retirement counseling.

Since OCERS began offering members the option of retiring online, this has become one of the most popular features on our Web site and MIC.

Another tool within the MIC is the Benefits Estimator. Members can generate retirement estimates based on the data within their personal OCERS account. Beneficiary designations can also be updated and service credit purchases can be requested. We also recommend you attend OCERS' Pre-Retirement Sessions, which are offered each



month (see article on page 6).

Remember, as one of our members, you are always welcome to call if you have additional questions. OCERS' Team can be reached at (714) 558-6200.



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At Your Service



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Board of Retirement Meetings:

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

July 20, 2015

August 17, 2015

October 19, 2015

November 16, 2015

December 14, 2015

Future agendas can be found at 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.

2015/2016 Contribution Rates Remain Steady

July often brings changes to the amount active members contribute towards their OCERS benefit. OCERS contributions are mandatory and the rates increase and decrease based on the amount needed to fund future benefits. Employees usually see the impact of any changes in the first paycheck covering the July 1st date. The good news is that the majority of employee retirement rates set to go into effect this summer are about the same as the previous year's rates. Even though the rates remain fairly consistent this year, members may also be impacted by changes that have been negotiated. For example, several groups of members will have their employer paid pick-ups eliminated and will be contributing their full share of retirement costs; resulting in less take home pay.

For information about negotiated benefits, please contact your human resources department or union representative. Contribution rates can be viewed via the "Quick Links" box on the home page at www.ocers.org.

Membership by the Numbers

Established on January 1, 1945, OCERS is a public pension system that has been providing retirement benefits to members and beneficiaries for more than 70 years. Here are some key points that illustrate where OCERS is today:

- Total Membership: 41,721
- Active: 21,459 (includes General and Safety members)
- Deferred: 4,789 (includes General and Safety members)
- Payees: 15,169 (includes members who received a service retirement, service-connected disability retirement and a nonservice-connected disability retirement, as well as eligible survivors).

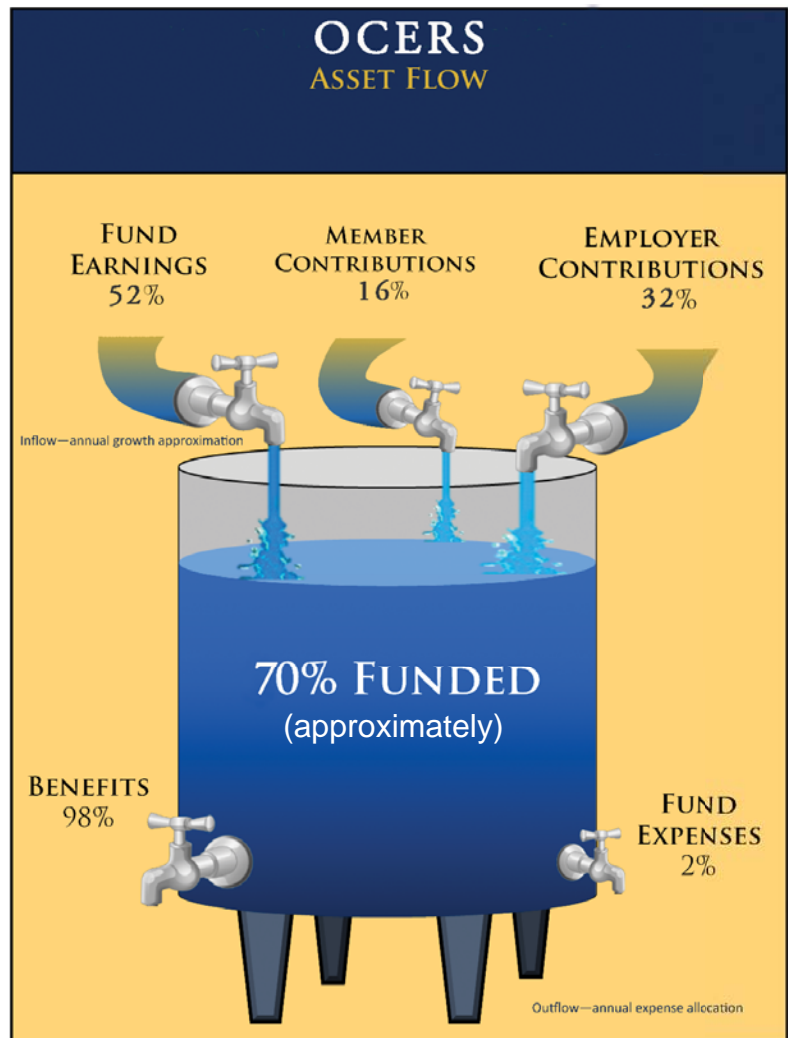
OCERS' largest active employer ("plan sponsor") is the County of Orange with 16,452 active members; OCERS' smallest employer is the Local Agency Formation Commission (LAFCO) with only 3 active members.

Actuarial Valuation Reports Positive Funding

At its regular meeting on June 15, 2015, the Board of Retirement adopted the actuarial valuation for the year ending December 31, 2014 setting employee and employer contribution rates for the 2016/2017 fiscal year.

Over time, the contributions and investment income coming into OCERS must equal the retirement benefits and expenses paid. The review and approval of OCERS' actuarial valuation is the process that keeps the retirement system on track to run smoothly and pay required benefits to all of our members and beneficiaries.

The annual actuarial valuation measures the current and projected assets and liabilities of the retirement system, providing a picture of how much both employers and employees need to contribute to OCERS. The valuation also looks at the return on investments that bring additional money into the system. The valuation report showed that OCERS' funded ratio improved from 66% to 69.8% on an actuarial basis (from 67.7% to 69.6% on a market value basis) and that the unfunded liability of the plan decreased from \$5.3 billion to \$4.9 billion as of December 31, 2014.



The graphic above shows a snapshot of OCERS' funded status as of December 31, 2014, while the inflow is the period from 1998 through 2014.

To view the latest actuarial valuation, as well as past reports dating back to 2000, visit the "Finance" page on OCERS' Web site.

Pension Term: What is a "Deferred Member"?

"Deferred Members" have left their contributions on deposit with OCERS after separating from employment and are no longer making retirement contributions. Factors such as their age and their years of service dictate how soon a "Deferred Member" is able to retire and begin collecting a monthly benefit from OCERS.

Retirement Planning Increases Confidence

The 25th Retirement Confidence Survey (RCS) from the Employee Benefit Research Institute (EBRI) and Greenwald & Associates provides plenty of evidence that everyone should take retirement preparedness seriously.

Whether or not Americans have a retirement savings plan was found to be a key factor in the nation's outlook about having an affordable retirement.

The 2015 RCS finds that retirement confidence continues to rebound from the record lows experienced between 2009 and 2013 – but this is based on the increasing optimism of those who indicate they and/or their spouse have a retirement plan. The increased confidence since 2013 is strongly related to retirement plan participation. Among those with a plan, the percentage “very confident” increased from 13 percent in 2013 to 22 percent in 2015.

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 our free Financial Planning Class. 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
September 2, 9 and 16, 2015
6 – 9:30 p.m.

Financial Planning Class

Wednesdays
October 7, 14 and 21, 2015
6 – 9:30 p.m.

Financial Planning Class

Wednesdays
November 4, 18 and 25, 2015
6 – 9:30 p.m.

OCERS

The financial advisor will also review topics such as income tax planning, estate planning, proper beneficiary designations, and calculating Social Security benefits among other things. Additionally, an OCERS representative will give an overview of the OCERS pension plan; including the factors that go into payee's monthly retirement allowance, benefit estimates and disability retirement options.

Members will have an opportunity to meet with the financial advisor sponsoring the session once the class is completed at no cost on a one-on-one basis to have specific questions answered. A personalized financial plan will be created with recommendations for the best steps to achieving your 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 3-night class is free; however, seating is limited so reservations are required. To make your reservation to attend this class, visit www.ocers.org and see the “Retirement Seminars” page.

Safety Member Election Certified

Incumbent Roger Hilton has been re-elected as OCERS' Safety Board Member, and Eric W. Gilbert has been elected as Alternate Safety Member to serve on the OCERS Board of Retirement for the next three years. Approximately 950 eligible Safety Members voted in the recent election.

Both Mr. Hilton and Mr. Gilbert will serve terms that run July 1, 2015 through June 30, 2018.

Mr. Hilton, originally elected to the office of Safety Member on May 22, 2012, has worked in law enforcement for more than 26 years. A long-time member of the Sheriff's Department, Mr. Hilton also serves on the Association of Orange County Deputy Sheriffs (AOCDS) Board.

Mr. Gilbert, who is replacing outgoing Alternate Safety Member Ray Geagan, has served as a firefighter for 28 years, and is currently a Captain with the Orange County Fire Authority (OCFA). Currently stationed in the City of Yorba Linda, he has previously worked in the cities of Placentia, Lemon Heights, Tustin, Laguna Hills, Irvine and Westminster.

The election was certified by the Orange County Board of Supervisors on June 2, 2015.



What's On Your Mind? Questions = Answers

Our Member Services department tracks the questions we receive from members and beneficiaries to better understand what's important to participants and how OCERS can improve service. Listed below are the most common questions received during the month of March 2015.

The most common question we received was "What is my PIN to use the Member Information Center (MIC)?" After verifying your identity we will provide you with a PIN number needed to create a personal user name and password to gain access to the MIC.

The second most common question received was from retirees asking "Can I change my tax withholding elections?" There are several options for making tax withholding changes:

- 1) Log into the MIC and update your tax election electronically,
- 2) Download a form from the "Forms and Publications" page on the OCERS Web site, or
- 3)

Contact OCERS office and request that a form be mailed to you.

The third most common inquiry was "Can I set up an appointment to discuss my retirement?" Members preparing for their transition into retirement are assisted in a number of ways: 1) Member Services staff start with phone counseling; providing an overview of the retirement process, benefit payment options and estimates, 2) Members are encouraged to file their application online prior to the appointment, and 3) During the appointment we confirm

beneficiary information, review Final Average Salary figures, certify proof documents, review direct deposit information and tax withholding forms, and answer any miscellaneous questions the member has.

For more information on these topics and many more, visit us at: www.ocers.org.



Educational Resources for Your Retirement Toolbox

Empower Retirement, the administrators of the County of Orange Defined Contribution Program, is bringing free educational seminars on financial topics to active participants over the next few months to OCERS, 2223 E. Wellington Avenue, Santa Ana, CA. These seminars are meant to provide participants with a broad-based understanding of the County of Orange's Defined Contribution Program and help increase participants' knowledge of investment terms and concepts. They also provide attendees with the necessary tools to manage their account in a manner that may promote long-term financial security. *These same seminars are also held at other sites throughout the County; make sure to view your weekly updates from HR/Employee Benefits for additional details.*

“Plan Enhancements” - Wednesday, July 29, 2015 (noon - 1 p.m.)

There have been many changes to your 457 program over the past several months. These changes include your investment options and technological enhancements. This seminar will provide more information on all the changes and how they impact you.

“Make the Most of Your Retirement” - Friday, August 28 (9 a.m. - 11 a.m.)

Your Retiree Advocate, Ron Nichols, will host a free educational seminar geared to participants who have retired or are nearing retirement. During this two-hour seminar, Mr. Nichols will discuss the following topics: Transitioning to Retirement, Post-Retirement Options, Using Your Retirement Plan in Retirement Years; Your Defined Contribution Program; Plan Fee Comparison. Please RSVP at (800) 382-8924 by August 11, 2015, or email RSVP@empower-retirement.com.

“Preparing for Retirement” - Wednesday, September 30 (noon - 1 p.m.)

This seminar is geared toward participants nearing retirement. The objective is to give you the tools to prepare for your retirement needs.

Pre-Retirement Sessions Set for Summer 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 July 15, August 5 and 19, and September 2 and 16, 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 (Empower Retirement) session
1:05 – 3 p.m.	County of Orange Retiree Medical session

Social Security, OCERS and You

OCERS members do not contribute to Social Security while actively employed. As a result, your OCERS covered employment will not count as credits towards any Social Security benefits you may have accrued from other employment. However, if you receive a pension from OCERS your Social Security benefit may be impacted. If you are including Social Security as part of your long term retirement planning, read this article carefully.

Upon retirement from OCERS there are two federal rules – the Windfall Elimination Provision and the Government Pension offset – that may leave you with a smaller than expected Social Security check or possibly no Social Security check at all.

Windfall Elimination Provision

The Windfall Elimination Provision (WEP) may reduce the Social Security benefit you are eligible to receive. Key points to understand about WEP and how it may impact you:

- WEP may reduce your Social Security benefit, but it will not eliminate it. For 2015, the maximum reduction is \$413 per month with 20 or fewer years of substantial earnings.
- The reduction to your Social Security benefit cannot be more than half of your monthly OCERS benefit.
- Does not apply if you have 30 or more years of substantial earnings under Social Security.



Government Pension Offset

The Government Pension Offset (GPO) affects the Social Security benefit you receive as a surviving spouse of a pensioner. Several key points to understand as they relate to GPO:

- GPO may reduce or eliminate your Social Security survivor benefit.
- GPO will reduce your Social Security benefit by two-thirds of your OCERS (or other public pension) retirement benefit.

For example, if you get a monthly OCERS pension of \$600, two-thirds of that, or \$400, will be deducted from your Social Security survivor benefit.

If you attend OCERS' Pre-Retirement Sessions, a representative from Social Security is there to speak and answer all your questions as they relate to both WEP and GPO.

Please note: these rules affect only your Social Security benefit. Your OCERS retirement benefit will not change as a result of these rules.

News Flash: OCERS Earns GFOA Award for Excellence!

At its annual conference held in Philadelphia on June 2, 2015, the Government Finance Officers Association (GFOA) presented GFOA's Award for Excellence in Government Finance to OCERS for its investment fee transparency and management initiatives. OCERS CEO Steve Delaney proudly accepted the award at the conference.

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Survivor Checklist: Ensure Loved Ones Are Prepared

Dealing with the death of a loved one may leave families overwhelmed and confused on all the tasks to be completed. Upon the death of an OCERS member certain benefits may be payable to a surviving spouse, domestic partner, or designated beneficiaries; OCERS has created a checklist to assist loved ones through a difficult time.

- Step 1: Notify OCERS of the member's death**
- Step 2: Submit required documents**
- Step 3: Receive benefit payment(s)***

* Benefit processing time may vary according to how soon OCERS receives all required documents.

NOTE: Because of community property laws in the State of California, a spouse, ex-spouse, or qualified domestic partner may have certain rights that supersede those of designated beneficiaries. This checklist is intended to be informational and may not contain definitive information on matters of immediate concern upon death.

To read or print the entire Survivor Checklist, visit the home page of OCERS' Web site and select "Survivor Checklist" link in the "Quick Links" box.

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

2016 Benefit Payment Schedule