

MCERA PENSION NOTES

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Brown Bag Meetings

Next Brown bag meeting will be held on July 20, 2011 from 12-1.

Location:
MCERA
3199 M St
Merced CA 95348

To reserve a seat:
Mcera@co.merced.ca.us
Or 209-725-3636

Merced County Employees' Retirement Association

3199 M St

Merced, Ca 95348

209-725-3636 Phone

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Mcera@co.merced.ca.us Email

www.mcera.merced.ca.us Website

WHAT HAPPENS TO MY RETIREMENT IF I GET TERMINATED?

Although efforts have been made to avoid lay offs, budget concerns may result in involuntary terminations of employment for some MCERA members. Whether termination is involuntary or voluntary, losing your job does not mean you loose all rights to earned retirement benefits.

If an involuntary termination takes place, your options are determined by your age and years of service with MCERA.

This is a summary of the options that are available to you.

1. Retire: If you meet the minimum qualifications for service retirement, you can retire. You are eligible to retire if you:

- A. are at least age 50 (Tier 1 or safety) or age 55 (Tier 2, general) with at least 10 years of retirement service credit
- B. have at least 30 years of retirement service credit (General members) or at least 20 years

of retirement service credit (Safety members) and are any age

C. Are at least age 70 with any length of retirement service credit

2. Defer: You can defer your service retirement to a later date. If you have at least 5 years of retirement credit, you are "vested" with MCERA. If you leave your retirement funds on deposit with MCERA long enough to meet the time and age requirements stated above, you will be eligible for a retirement benefit.

3. Reciprocity: If you can find work within 6 months of termination from MCERA with another employer that has reciprocity with MCERA (such as CalPERS, CalSTRS, or another 37 Act county) you can leave your contributions on deposit with MCERA until you are eligible to retire from both systems.

4. Withdraw Contributions: You can request

to withdraw the funds you have contributed into the retirement system plus any accumulated interest. You can take this in cash, in which case, 20% of the taxable amount will be withheld to pay federal taxes. You can also choose to "roll over" these funds into another qualified retirement account. If you choose this option, no taxes are withheld.

Please be assured that if you loose your job through your own action or by a decision made by someone else, you will not loose any earned retirement benefits.

These are difficult times for some of our members and the MCERA staff appreciates that you may have many questions and concerns about your benefits if you face a potential job loss. Please contact us and we will help you to consider your options and make an informed decision.

Maria L. Arevalo

FREQUENTLY ASKED QUESTIONS



Q: Do I need to notify MCERA when I get divorced?

Generally, MCERA retirement benefits are payable only to members and their survivors and beneficiaries. California law recognizes an exception to this rule in the case of divorce or dissolution of a registered domestic partnership. The MCERA benefits and contributions a member accumulates while married or in a registered domestic partnership are community property assets and subject to division in the dissolution.

When an action to dissolve a marriage or registered domestic partnership has been filed, the following steps should be taken:

- Notify MCERA of the pending dissolution and submit a joinder. A Joinder is a legal process that names MCERA as a party to the action in the dissolution proceeding under the California Family Code and advises MCERA that a claim of property interest is

being filed against the member's plan benefits. *Note: once joined, no MCERA benefits can be paid until the community property issue is resolved.*

- Submit a draft of a Domestic Relations Order (DRO) to MCERA for approval prior to signing and filing with the court. A DRO is a legal document, signed by all parties and a judge that stipulates how community property interests, including retirement benefits, should be divided. MCERA recommends that you or your attorney contact us for a model DRO language prepared by MCERA to guide practitioners drafting orders with regard to retirement benefits. Other language may be used as long as it is consistent with the applicable terms of retirement law. Proposed orders regarding retirement benefits should always be submitted to MCERA

for approval before submission to the court to ensure that we will be able to carry out the orders if the court approves them. MCERA requires a certified DRO prior to your retirement.

The most common method of dividing a retirement benefit is the "Brown Method." This is calculated by dividing the total number of years worked by the number of years the member and former spouse or partner were married or registered. Then times it by 50% to get the percentage of the benefit owed to the former spouse or partner.

MCERA will issue a monthly payment directly to the former spouse or partner of the amount or percentage stipulated in the DRO. Whether or not the benefit continues for the lifetime of the nonmember is dependent on the language in the DRO.

Office Notes.

We are very happy to see the return of Yadira Vazquez, our Retirement Officer, back to the office after being gone on maternity leave. Yadira and her husband have a new member in their family, baby daughter Alessandra. Alessandra was born May 8, 2011. Congratulations and welcome back..

Fast Facts

Pursuant to the 37 Act requirements, and MCERA Board policy, the Board of Retirement on June 23, 2011, approved the following interest rates to be credited to all contributions on deposit as of December 31, 2010:

1. **2%** on all member contributions
2. **4%** on all employer contributions

Each MCERA member will receive an annual statement at the end of the calendar year with the amount of contributions on deposit with MCERA including any interest

AB 340: The Governor may approve some pension related bills this year. One of the more significant bills is AB 340, proposed by Assemblyman Furutani which contains many of the same provisions from AB 1987 which was vetoed last year. Among other provisions, AB 340 would prohibit a variety of payments from being included in compensation earnable, give retirement boards the authority to determine whether any compensation was given for the purpose of enhancing retirement and would prohibit a retired member from returning to work for 180 days after retirement. The bill has been approved by the Assembly and continues to move through the legislative process. We will keep an eye on its progress.

MCERA's First Quarter, 2011 Performance



U.S. equities continued the climb of the prior quarter as the S&P 500 Index registered a first quarter return of 5.9%, bringing the one-year return to 15.6%. Small-cap companies as measured by the Russell 2000 Index posted a first quarter return of 7.94%; Large-cap companies as measured by the Russell 1000 Index returned 6.2%.

International equity markets were mixed due to a number of international events that occurred during the first quarter of

2011. The uprisings in Middle East, continued debt problems in Europe, and the tragic disaster in Japan are all contributing factors in the low performance compared to the U.S. equity market. The MSCI -EAFE Index generated a first quarter return of 3.5%, bringing the one-year total return to 10.9%.

MCERA's total portfolio returned 4.5% during the first quarter of 2011. This return was above the benchmark return of 3.7%, and ranked in the 13th percentile of the

total fund universe. Over the past year, MCERA's fund returned 15%, outperforming the 13.1% return of the Fund's benchmark and ranked in the 14th percentile. Total market value at quarter end was \$504 million, which represents an increase of \$20 million from the December 31, 2010 market value of \$484 million.

Below you will find MCERA's cumulative performance results versus the benchmark as of March 31, 2011.

Cumulative Performance Results PERIOD ENDING MARCH 31, 2011

	Last Quarter	Last 2 Quarters	Last Year	Last Five Years	Last Ten Years
TOTAL FUND	4.5%	11.3%	15.0%	3.4%	5.3%
FUND BENCHMARK	3.7%	9.7%	13.1%	3.7%	5.1%

Retiree Pay Dates for Remaining Year

- July 29, 2011
- August 31, 2011
- September 30, 2011
- October 31, 2011
- November 30, 2011
- December 30, 2011

The Board of Retirement

Karen Adams

Mark Bodley

Deidre Kelsey

Tom MacKenzie

Dwayne McCoy,
Alternate

David Ness, Chair

Alfonse Peterson

Michael Rhodes

Karen Rodriguez

Leon Teague, Vice
Chair

Ron Kinchloe,
Alternate

Retirement Board Meeting

The Retirement Board Meetings for 3rd Q 2011 are:

July 14

July 28

August 11

August 25

September 8

September 22