MCERA PENSION NOTES

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NEW ACTUARIAL REPORT

At their March 8, 2012 Board meeting, the Retirement Board approved the Actuarial Report for the period ending June 30, 2011. The report reviews the experience of the Plan and discusses reasons for changes in Plan cost The report contains the calculation of the annual employer and employee contributions required to fund the Plan and discusses and projects emerging trends in Plan

The review of the Plan has produced an increase in the recommended employer contribution rate of about 4% of active member payroll. The increase is the net result of several factors including: a

positive demographic experience of the Plan, less than expected salary increases, new entrants into the Plan; a decline in payroll base; the continued recognition of past investment losses and an increase in the amortization period.

Contribution rates for members will remain the same for the coming year. The funded ratio of the Plan improved slightly from last year. The MCERA plan continues to face challenges but the Plan is well able to meet its obligations. The Board continues to work diligently to improve the financial status of the Plan by carefully making new investments and

through the prudent management of our current portfolio.

Our defined benefit retirement plan is one of the most important benefits of public employment and MCERA intends to take every step to insure that promised benefits are paid to all MCERA members.

The report was compiled by the Plan's actuary, EFI Actuaries and the complete Actuarial Review and Analysis as of June 30, 2011 is posted on the MCERA website.

Maria L. Arevalo
Plan Administrator

BOARD OF RETIREMENT ELECTION: MAY 8,

VOTE, VOTE, VOTE!

2012

An election for the 3rd miscellaneous member of the MCERA Retirement Board will be held on May 8, 2012. Any miscellaneous member

of the MCERA retirement system is eligible for this seat on the Retirement Board and has until April 10, 2012 to file as a candidate.

Ballots will be mailed to

eligible members three weeks prior to the election. Please remember to vote and have a say in who runs your retirement system.

FREQUENTLY ASKED QUESTIONS CONTRIBUTIONS AND INTEREST

Q. Can I withdraw my MCERA retirement contributions while I am in active service?

A. No, federal law prohibits MCERA members from withdrawing their retirement contributions while they are in active service., Members may withdraw after they terminate MCERA covered employment.

Q. Do I receive interest on my contributions? How is the rate determined?

A. Yes, the Government Code requires that interest be credited to members' accounts twice a year. Depending on the return on investments the Board of Retirement determines the amount of interest, if any, based on the account balances as of the prior six months.

O. How much money do I have in my account? A. Every January, MCERA members receive an annual statement of their accumulated contributions and interest. Contributions are updated every two weeks and interest, if anv. is accumulated every June and December. You can also request that information by calling the MCERA office and we will mail you a statement.

Q. If I terminate employment with an MCERA employer, what happens to my contributions?

A. There are options upon termination. If eligible, you can retire. If not eligible, your retirement will be automatically deferred. You may retire when you meet minimum age and service requirements. Your contri-

contributions remain on deposit and

continue to earn interest. You can withdraw your contributions and interest, but this terminates your right to any type of pension.

Office Notes

MCERA is pleased to announce that it has received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada (GFOA) for its 2011 comprehensive annual financial report (CAFR). MCERA has achieved this award for the past eight years which reflects MCERA's commitment to the full disclosure of our financials. We would like to thank David Liu, MCERA's accountant and Gale Garcia, MCERA's fiscal supervisor for their work on producing the CAFR.

RETIREE'S CORNER: DEATH BENEFIT

As a Merced County retiree, did you know your named beneficiary is entitled to a Death benefit in the amount of 3000.00 dollars? This benefit is available only if MCERA was the last system you worked for. This benefit has grown over the years. On March 14, 1972, the Board of Retirement approved a death benefit in the amount of \$750.00. On March 10. 1988, the Board of Retirement approved an

increase of the benefit amount to \$1000.00. Finally, on May 2, 2006,

the County Board of Supervisors agreed to pay an increased death benefit in the amount of

3000.00 dollars and has continued to provide this benefit to our retired members. This non vested benefit has provided welcome assistance with burial expenses to many of our members over the years.

Now that we have reminded you of this benefit, , do you know who is your

named beneficiary? If you want to make any changes, contact the MCERA office or look on our website for a Beneficiary Change form.

Fast Facts

For all those new retirees: Your retirement check will be deposited into your account on the last business day of the month

All payroll changes (address change, bank change) must be submitted no later than the 20th of the month in order to be in effect for that month.

You may visit the MCERA website to access forms related to payroll.

INVESTMENT REPORT



After significant losses in the third quarter, the domes-

tic equity market bounced back strongly in the fourth quarter on strong performances from all sectors, especially the Energy (+18.2%) and Industrials (+16.6%) sectors. Strong corporate earnings, imeconomic proved U.S. data, and optimism surrounding the European debt crisis also contributed to the strong returns in the fourth quarter. The S&P 500 returned 11.8% and the Russell 2000 Index up 15.5%.

The International equity market, reflecting European financial crisis underperformed the domestic equity market for the quarter and the year. The MSCI EAFE Index returned 3.4% during the quarter.

MCERA's total portfolio returned 6.0% during the fourth quarter of 2011. This return underperformed the benchmark return of 6.1% and ranked in the 32nd percentile. Over the past year, MCERA's fund re-

turned 0.9%, underperformed the 1.9% return for the benchmark and ranked in the 48th percentile. Total assets on December 31, 2011 were \$486 million, which represents an increase of \$27 million from the September 30, 2011 total asset of \$459 million.

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

CUMULATIVE PERFORMANCE RESULTS PERIOD ENDING DECEMBER 31, 2011

	Last	Last 2	Last	Last Five	Last Ten
	Quarter	Quarters	Year	Years	Years
TOTAL FUND	6.0%	-5.1%	0.9%	1.0%	4.6%
FUND BENCH- MARK	6.1%	-3.3%	1.9%	1.5%	4.6%

BOARD OF RETIRMENT APPROVES A 3% COST OF LIVING ADJUSTMENT FOR APRIL 2012

The Board approved a 3% Cost of Living Adjustment (COLA) for all Tier 1 retired members. Those eligible for the COLA will see the increase in their April 30, 2012 check.. The COLA is determined annually based on increases in the December Consumer

Price Index (CPI) for All Urban Consumers in the San Francisco-Oakland-San Jose

San Jose area. The ratio is calculated, and rounded to the nearest one-half per-



cent. The CPIs described above were 234.327 and 227.658 for 2011 and 2010 respectively. This

represents an increase of 2.93%, which is rounded to 3.00%.

The Board of Retirement

Karen Adams

Mark Bodley

Deidre Kelsey

Jim Pacheco

Mary McWatters, 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 2012, second quarter are:

April 12 and 26

May 10 cancelled May 24 June 14 and 28

Retirement Seminar

A Retirement seminar will be held on May 16, 2012 at 12:00 pm
Location:
MCERA
3199 M St
Merced CA 95348

Mcera@co.merced.ca.us

To reserve a seat:

Or 209-725-3636

Retiree Pay Dates

The retiree payroll dates for 2012 are:

January 31, 2012

February 29, 2012

March 30, 2012

April 30, 2012

May 31, 2012

June 29, 2012

July 31, 2012

August 31, 2012

September 28, 2012

October 31, 2012

November 30, 2012

December 31, 2012

PENSION LEGISLATION FOR 2012

There have been numerous pension related proposals and initiatives on the horizon in the last year. The Governor's Pension Proposal reform language is now included in four bills, two in the assembly and two in the senate. In the Assembly, AB 2224 contains the statutory language and ACA 22 contains the constitutional amendments. In the Senate, the two bills with identical provisions are SB 1176 which contains the statutory language and SCA 18 which contains the constitutional language. The constitutional amendments are slated for the November 2012 ballot if passed by the legislature and signed by the Governor. The bills contain provisions that may affect present active members and other provisions that will only affect new employees hired after January 2013.

These provisions, among others, which will affect current employees will:

1.prohibit benefit enhancements to be applied retroactively to past service
2.prohibit employer pick

up of employee contributions.

3. requires employer and employee each to contribute 50% of normal cost.

4. prohibits the purchase of additional service credit (air time)
5. expands the felony conviction statutes to apply to all public employees not just elected officials and requires pension forfeiture from the date of felony commission not just after conviction

6. allows for selection of a hybrid pension plan if tax law permits.

Some of the provisions for **new employees**, hired after July 2013 include:

1. employers must offer a hybrid plan consisting of a defined benefit and defined contribution provisions.

2.limits hybrid benefits to 120% of Federal Old Age, Survivors and Disability Insurance benefits limits.

3. changes the benefit formula to a 75% replacement ratio after a full career in public service of 30 years/ age 57 for safety members; and 35 years/age 67 for general members,(the legislation fails to address how to calculate a pension for retirement service less

than a full career.) 4. authorizes the State Director of Finance to establish initial criteria for hybrid plans 5. . establishes a 36 month period to determine final compensation 6. changes the definitions of what can be included and excluded in final compensation. There have also been a number of initiatives that had been proposed, among them:

gaining Act: failed to qualify
2.Tax Public Pensions above \$100,000 per year: failed to qualify
3.Raise Public Retirement Ages Act: failed to qualify
We will continue to watch the progress of legislation.

1. End Public Sector Bar-

