

MCERA PENSION NOTES

GETTING READY TO RETIRE?

INSIDE THIS ISSUE:

GETTING READY FOR RETIREMENT	1
2016 COLA	1
INVESTMENTS	1
HOW RETIREMENT PLAN WORKS	2
PAYING TAXES	2
RETIREMENT FAQs	2

Merced County Employees' Retirement Association

3199 M Street
Merced, CA 95348
[209-726-2724](tel:209-726-2724) Phone
[209-725-3637](tel:209-725-3637) Fax

mcera@co.merced.ca.us
Email

www.mcera.merced.ca.us

The next MCERA Brown Bag Lunch is
May 18, 2016
12:00 noon at the MCERA Office
3199 M Street, Merced
Be sure to RSVP.

If you are thinking about retiring in the next year, obtain a formal estimate of your retirement benefits. You can obtain retirement estimates by submitting a Retirement Estimate Request form to MCERA. It is recommended that a formal estimate be requested at least one year in advance of your anticipated retirement date.

Once you have decided on your retirement date, obtain and complete the Application for Service Retirement. MCERA can accept your completed application no more than 60 days prior to your retirement date. If you are currently working for an MCERA employer you must submit the completed application no later than the

last day you are in paid status.

Be sure to research what MCERA retirement option works best for you. Collect all your supporting documents well before your retirement date to avoid any delays in benefit payments. Supporting documents can be provided before an application for retirement is submitted. Important documents that you will need to have include:

- Birth certificate/Current passport
- Marriage License
- Divorce decree (if applicable)

If you have established reciprocity, you must retire from all reciprocal systems on the same date. Please contact MCERA should you have any questions.

COST OF LIVING ADJUSTMENT FOR 2016

Tier 1 retirees may receive a cost of living adjustment (COLA) annually. The adjustment is effective April each year and is first payable in April's *month-end* check.

At the MCERA Board of Retirement meeting on February 11, 2016, the board voted to adopt a 3.0% COLA increase for 2016. The annual increase is based on changes in the Consumer Price Index (CPI) of the San Francisco-Oakland-San Jose area.

INVESTMENTS

Investment results in the fourth quarter of 2015 had three and five-year returns of 7.5% and 7.1% for longer term investments and ranked slightly higher than the median among its peer public plans (7.2% and 7.0%, respectively). MCERA continues to diversify the Plan's capital. Recently the board made a decision to rebalance assets and funded an international index fund with Mellon Capital.



DO YOU KNOW HOW YOUR RETIREMENT PLAN WORKS

Have you started thinking about retirement? Is there anything you can do now to get ready? Get the answers to these questions, and more, by attending a Brown Bag meeting conducted by MCERA staff. Retirement Planning is intended for all members, but is specifically intended for employees within five years of retirement. Learn how to prepare for a better future. Learn what options you have for retirement benefits and what is available for your spouse.

The next lunch meeting will be May 18, 2016 at noon, call or email MCERA to reserve a space.

PAYING TAXES ON RETIREMENT BENEFITS

By now, most retirees will have filed income tax returns and would know if they have been under or over paying taxes. Retirees can update their tax withholding status with MCERA anytime during the year. In addition, there is flexibility offered by permitting additional tax amounts or even flat amounts to be withheld monthly. Please consult with a tax professional when making significant changes regarding tax withholding.

Tier 1 retirees should keep in mind that each year their income may be affected by cost of living adjustment increases.

Retirement Board

Darlene Ingersoll,
Chair

Michael Rhodes,
Vice Chair

Alfonse Peterson,
Secretary

Karen Adams

Deidre Kelsey

Ronald Kinchloe

David Ness

Jim Pacheco

Ryan Paskin

Scott Johnston

RETIREMENT FAQs

Q. I am a retiree and my beneficiary has predeceased me, what should I do?

A. As an MCERA retiree it is important to keep a current beneficiary on file. Should your beneficiary predecease you, provide MCERA a copy of the death certificate along with a completed "beneficiary change form." Unfortunately, any new beneficiary would not be eligible for the continuance benefit. The continuance is solely for the originally nominated beneficiary at retirement. If updated beneficiary information is not provided to MCERA, funds may not be payable to your intended beneficiary due to legal reasons.

Q. If a retiree passes away, how soon should we notify MCERA?

A. MCERA must be notified immediately of any retiree that passes away in order to prevent any unnecessary overpayments or delays in processing death benefits for those eligible retirees. Call the MCERA office immediately to provide notification.

Q. Why does MCERA require a copy of my divorce decree to update my beneficiary?

A. MCERA policy requires a complete copy of a member's divorce decree for beneficiary changes involving the removal of a spouse. California is a community property state and MCERA must make due diligence attempts to determine whether a non member spouse is entitled to a community property share of a retirement benefit. Requiring the divorce decree at the time of a beneficiary change involving a spouse will eliminate the need to obtain copies at retirement time. If your spouse has passed away, a copy of the death certificate would be required for a beneficiary change.

Q. What is a contingent beneficiary?

A. A contingent beneficiary is the person to receive pension and/or death benefit proceeds in the event the primary beneficiary passes away before, or at the same time as, the MCERA member. It is advisable to always have a contingent beneficiary identified for MCERA.

MCERA Board Meetings

April 14

April 28

May 5

May 26

June 9

June 23

Tentatively, meetings are held on the second and fourth Thursday of every month.

Meetings begin at 8:15 am