Tulare County Employees' Retirement Association

Pension Progress

Phone: (559) 713-2900 www.tcera.org

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Retirement Board Elections Coming

The TCERA Board of Retirement will soon be holding elections for Retirement Board members who represent active General and Safety employees. Individuals who are elected to the Board of Retirement serve three-year terms of office. General members have two seats on the Board with the term of office for one of those seats ending as of December 31st of this year. The new term will begin in January 2019 and end in December of 2021. *Please note that this is regularly scheduled election and is in addition to the special election currently being held to fill a vacancy on the Board of Retirement.*

Safety members will also have an election to select their representatives. TCERA members who are classified as Safety employees (those whose primary duties include law enforcement or fire suppression) will be able to select a Regular representative to the Retirement Board and, depending on who runs for the Board seat, an Alternate Member who serves in the absence of the Regular Trustee. Both of these individuals will take their seats for terms that begin in January of next year and end in December of 2021.

All qualified TCERA members are encouraged to consider representing your fellow employees on the Board of Retirement. The hours can be long and the pay is definitely small, but the results can also be very rewarding. Active participation in the decisions and administration of the retirement plan is the best way to make sure that it remains secure and is able to meet the retirement needs of both current and future members.

Purchasing Retirement Service Credit

TCERA permits active and deferred status members to purchase Retirement Service Credit for certain periods. If you wish to purchase additional Service Credit you may contact the Retirement Office and ask for a "Request to Buy-Back Service Credit" form, or download the form from TCERA's website at www.tcera.org. You may purchase Service Credit for the following periods:

- Previously withdrawn TCERA service
- Disability Leave covered by Worker's Compensation
- Medical Leave of Absence, limited to 12 consecutive months per occurrence, **if** you returned to service following the leave
- Extra-help, provisional or temporary service with the County, or other participating employers, prior to the time you were eligible for TCERA membership

You have two choices of how to make payments for purchasing additional Retirement Service Credit.

- ***Lump Sum Payment*** – You may submit a personal check, payable to TCERA, for the entire amount due. Such payments are made on an "after-tax" basis. It is also so possible for you to pay for the buyback through the rollover of funds from another qualified retirement program such as an IRA or the 457 (Defined Contribution) Program.
- ***Payroll Deductions*** – You can authorize payroll deductions to pay the amount due. You will be charged additional interest until the buy-back is completed. The additional payroll deductions made to complete the purchase are treated as "post-taxed" contributions. **This option is irrevocable. You cannot change the amount of your payroll deduction until you complete the buy-back or terminate employment.**

Your purchased Retirement Service Credit counts only toward determining the amount of your retirement benefit and does **not** affect other employer benefits such as seniority, vacation or sick leave accrual rates. The service will only be added to your account after the total amount has been paid.

What is an "Actuarial Valuation"?

An actuarial valuation is a study completed on an annual basis that measures the retirement plan against a set of pre-selected assumptions. The actuarial valuation will measure the experience of TCERA over the prior 12 months in areas such as the number of people hired by the plan sponsors, the number of employees terminated, the number who retired and the number who have become disabled. An annual actuarial valuation will also review areas such as the age and years of service of the plan members, salary increases, inflation rates and the plan's investment returns. The data gathered is then compared to other years of plan experience. This information allows the actuary to make some reasonable assumptions as to what the plan's experience will be like in the future. From this the pension plan can make determinations regarding its projected liabilities (now and in the future) and can use this information to calculate the amount of contributions needed by both employers and employees to keep current and future benefit promises properly funded. TCERA completes its annual actuarial valuation using data as of June 30^{th} of the current year. The results produced from that data impact contribution rates for the ***following*** fiscal year. (Example: The data from TCERA's June 30, 2018 actuarial valuation will impact the employer and employee contribution rates for the fiscal year 2019-20.)

Both the employers and employees share responsibility for financing the retirement plan, but plan experiences affecting the contribution rates of employees and employers can differ in significant ways. For example, it is the responsibility of the plan sponsors (County and other employers) to pay for any additional liabilities that result from what TCERA ***assumes*** retirement liabilities will be versus the liabilities generated through ***actual*** plan experience. The liability amount created due to the difference between assumed experience and actual experience is known as the Unfunded Actuarial Liability (UAL). The plan sponsors are fully responsible for payment of the UAL. Superior investment experience by TCERA helps to cover the UAL costs and can act to lower the plan sponsors' total contribution. Investment return *assumptions* will impact both employee *and* employer contribution rates. Actual investment *returns* will influence the funded status of the plan, the amount of interest credited to plan member accounts, and affects the amount credited to the Supplemental Retiree Benefit Reserve (used to enhance benefits for retirees).

For active employees, there are four major issues that will influence changes in the annual rates of retirement contributions. Those include:

- the assumed rate of return on plan investments;
- the assumption related to salary increases;
- life expectancy;
- the employee portion of COLAs received in retirement

The annual actuarial valuation report is one of the most important documents produced by TCERA. It gives plan members, plan sponsors and others a "snapshot" view of the plan's funded status, rates of contributions, projected liabilities, current assets, and demographic information regarding the number of active and retired members in the TCERA plan. TCERA is just now starting to gather the data needed for this year's June 30^{th} actual valuation study. Individuals who would like to review actuarial reports from prior years can do so by visiting our website at www.tcera.org.

Survivor Benefits

Most members of the Tulare County Employees' Retirement Association are somewhat aware of the pension benefits that they will receive at retirement. But did you know that many of the same benefits can continue on to your qualified survivor or beneficiary following your death? Below is a brief description of retirement allowances your qualified beneficiary may be eligible to receive:

Death Before Retirement

If you would have been eligible for retirement, but die as the result of an non-work related injury or illness prior to retiring, your surviving spouse will have the right to a pension equal to 60 percent of the monthly retirement allowance that you would have received if you had been retired due to non-service-connected disability. In order to qualify, your spouse must have been married to you for at least one year prior to your date of death.

Death After Retirement

If you die **following** your retirement for regular service retirement or non-service-connected disability, a 60% lifetime continuance of your benefit can be paid to your eligible surviving spouse. No allowance, however, shall be paid to a surviving spouse unless she or he was married to you for at least one year prior to the date of your retirement.

Upon your death after retirement for service-connected disability, the same regular retirement allowance, plus cost-of-living increases, that you were receiving at the time of your death will continue to your qualified surviving spouse. A qualified spouse under this section is one who was married to you on or before your effective date of retirement.

If you have no spouse, or would like to leave a larger amount as a continuance for your survivor, you can elect to choose a smaller monthly benefit for yourself and select a benefit option that will pay a lifetime 50 percent or 100% continuance to your beneficiary. The amount of reduction that you must take in order to offer these benefits to your beneficiary depends in large part on the age difference between you and the survivor. You can receive more information on these alternative retirement options by contacting the Retirement Office.

Other Special Provisions

In the event that your surviving spouse **does not** qualify for survivor benefits under the provisions stated above, a continuance may still be paid to your spouse depending upon the retirement option you chose at retirement and **if** he or she was married to you at least two years prior to the date of death and reached the age of 55 years on or prior to your date of death.

In the event that you die with no qualified surviving spouse, a minor child, or children, can be paid the continuance for a period of time while still a minor and continuing to age 22 if a full-time student.

Other restrictions and benefit options may apply. Contact the Retirement Office should you have any questions regarding an individual who may qualify for receiving a survivor's or beneficiary's retirement allowance.

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TCERA Responds to Frequently Asked Questions

Does it matter how much money I have in my individual TCERA account when I retire?

In many ways, no. TCERA uses a formula to calculate your monthly pension allowance. This formula is based on your membership type (General or Safety and Tier), your age at retirement, years of retirement service credit with TCERA, and your final average salary. Your contributions help to fund the monthly pension benefit you will receive, but contributions DO NOT play a role in determining the amount of your monthly retirement allowance.

I've never fully understood what it means to have a "Defined Benefit" retirement plan. Why is it important to me?

Under a Defined Benefit type of retirement system (like TCERA), a formula is used to calculate the plan members' retirement allowances. The more generous the formula, the higher the retirement benefits for plan members. A Defined Benefit retirement program is designed to pay the pension benefit for the life of the retiree – another important feature of the TCERA plan. In addition, the plan provides cost-of-living adjustments (COLAs) to retirees in order to help protect the purchasing power of their pensions, as well as lifetime benefit continuances to qualified beneficiaries. Finally, disability retirement benefits are also available from the TCERA plan for those qualified active members who become permanently disabled from performing the essential duties of their job classifications.

I am divorced and my ex-spouse received half my retirement account. If they withdraw it, can I purchase my service back?

Upon finalizing your divorce TCERA should be sent the Court approved instructions for how your contributions and years of service are to be divided between you and your ex-spouse. We will then calculate the non-member's portion and inform them and you of the dollar amount and years of service the non-member is entitled to receive. Should the non-member take a withdrawal of their portion of the account, you will be notified of the withdrawal and will be given the option of re-depositing the amount withdrawn (plus interest) and having the years of service restored into your retirement account. You will have up to a maximum of five (5) years from the date of the notice to complete the re-deposit.