



Tulare County Employees' Retirement Association

# Pension Progress

Phone: (559) 713-2900

[www.tcera.org](http://www.tcera.org)

Keeping Members Informed

Volume 15, No. 1 March, 2014

## 2014 Investment Results

*By: Wurts & Associates (TCERA's Investment Consultant)*

As the year 2014 began, Ben Bernanke retired as Federal Reserve Chair marking the end of a turbulent era that included the highs of the housing bubble, the lows of the credit crisis, and the subsequent experiment in monetary policy known as Quantitative Easing. As the new Fed Chair, Janet Yellen, takes the helm, a number of economic obstacles persist as the Fed continues to adjust its monetary policy to facilitate self-sustaining growth in the economy. While GDP growth has been positive, it remains below potential as income growth and job creation have disappointed. Curiously, this hasn't stopped the U.S. stock market from reaching record highs in 2013.

For the latest calendar year, the S&P 500 returned an impressive 32% capping a truly remarkable year for domestic stocks. Stocks from International Developed Countries also performed well with a 23% gain during the year.

Unfortunately, not all assets performed as favorably. Gold had one of the worst yearly performances on record posting a -28% return. Emerging Market Stocks and Core Fixed Income also posted negative returns for 2013, to the tune of -2.3% and -2.0% respectively.

During the same period, TCERA gained 15.3% net of investment management. The Plan's exposure to domestic stocks and international developed stocks were the largest contributors to results. For the last 3 years, TCERA averaged an annualized return of 8.6% and over the past 5 years, the Plan returned 11.1%.



While the Plan has surely benefited from the rise in stocks, there are still a number of questions left unanswered. Now that the tapering of Quantitative Easing has begun, what effect will that have on the financial markets both domestically and abroad? Will the economy be able to transition from stimulated growth to real self-sustaining growth? Will higher corporate earnings translate into more jobs? Could tapering be a sign of admission from the Fed that Quantitative Easing may be distorting the markets?

These questions all fuel uncertainty in the investment landscape going forward, and TCERA's diversified asset allocation structure becomes increasingly important in mitigating market volatility. We will continue to work with the Retirement Board and staff to ensure the Plan's investments are well-positioned to face the investment challenges ahead and meet the long-term retirement needs of participants.



# Retiree COLA Increases Approved

The Board of Retirement has recently approved a recommendation to provide a cost-of-living-adjustment (COLA) for all retired members of the Tulare County Employees' Retirement Association (TCERA). The increase is effective April 1<sup>st</sup> which means that retirees will **first see the increase on their pension checks dated April 30, 2014**. Due to the rise in the Consumer Price Index (CPI) for the period ending December 31, 2013, this year's COLA will vary depending on each retiree's membership tier and date of retirement. The percentage of increase is as follows:

<b>Tier I members retired on or before 4/1/1983</b>	<b>3%</b>
<b>Tier I members retired from 4/2/1983 through 4/1/1985</b>	<b>2%</b>
<b>Tier I members retired 4/2/1985 through 4/1/2014</b>	<b>1%</b>
<b>Tier II and III members retired on or before 4/1/2007</b>	<b>2%</b>
<b>Tier II and III member retired 4/2/2007 through 4/1/2014</b>	<b>1%</b>



Because the change in the CPI was less than 3%, some retirees will also see a decrease to their Supplemental COLA amounts granted by the Board of Retirement. The Supplemental COLA helps to keep pension purchasing power at no less than 85% of each member' original retirement allowance. As rising inflation erodes the strength of the retirement benefit, the Supplemental COLA is applied and acts as a cushion to soften the reduction in purchasing power. As indicated above, the Supplemental COLA is only applied to those pensions that have lost more than 15% of their original purchasing power.

Retirees should also remember that all benefits paid from the Supplemental Retiree Benefit Reserve, including Supplemental COLA amounts, are **not** guaranteed. Supplemental benefits can be reduced or terminated at any time by action of the Board of Retirement. In addition, supplemental cash benefits paid from the SRBR by TCERA **do not** receive the COLA increase. Should you have questions as to how your new monthly amount will be calculated, feel free to contact the Retirement Office for information.

## 2014 Board of Retirement Trustees

**Gail Henry, Vice Chair**  
- elected by General members

**Marc Lippincott**  
- appointed by Board of Supervisors

**Rita Woodard**  
- County Treasurer

**Roland Hill, Chair**  
- elected by General members

**Gary Reed**  
- appointed by Board of Supervisors

**Currently Vacant**  
- appointed by Board of Supervisors

**Patricia Crawford**  
- elected by Retired members

**Philip Cox**  
- appointed by Board of Supervisors

**Mike Watson**  
- elected by Safety members

**Hiley Wallis**  
- alternate for County Treasurer

**Jan Taylor**  
- alternate elected by Retired members





## Your Input Counts !

Please let us know if *Pension Progress* is providing articles that are of interest to you.

If you have certain topics you would like to see as articles in *Pension Progress*, or if you have any questions regarding the current articles, please contact TCERA's Administrator, David Kehler.

**TCERA, 136 N Akers Street, Visalia CA 93291**

**Ph: (559) 713-2900 Fax: (559) 730-2631**

**e-mail: [dkebler@tcera.org](mailto:dkebler@tcera.org)**

You can also submit individual electronic inquiries by using the "Ask an Expert" tab located on TCERA's website Home Page at [www.tcera.org](http://www.tcera.org).

## Temporary Annuity Benefits Can Help You Retire Early

In planning your retirement, members of the Tulare County Employees' Retirement Association (TCERA) may wish to consider the Temporary Annuity Benefit feature of the retirement plan. The Temporary Annuity Benefit, or T.A.B., allows plan members to retire and augment their basic retirement allowance with additional funds up to the time they first become eligible for Social Security, that is, to age 62. The T.A.B. can be especially valuable to those members who wish to retire at a relatively young age but are concerned that the basic TCERA benefit may be insufficient to meet their needs.

**CAUTIONS:** While the T.A.B. can be a great way for members to receive additional retirement amounts until first eligible to receive Social Security, there are a few areas of caution to take into consideration:



- 1) **The T.A.B. does not replace the Social Security estimate on a dollar-for-dollar basis.** The TCERA staff uses your Social Security estimate as a base for calculating what you can receive under the T.A.B. The younger you are at retirement the lower the T.A.B. amount will be. This is because you will receive the Temporary Annuity Benefit for a longer period of time. However, when you reach age 62, the TCERA retirement amount will be reduced by the entire Social Security amount used to calculate the T.A.B. Make sure, therefore, that your Social Security estimate is accurate if you are considering the T.A.B.
- 2) **The T.A.B. is not offered to members who retire on a disability retirement.** Nor is it paid to survivors. If you die prior to reaching age 62, your qualified beneficiary will receive a continuance based upon the provisions of the option you selected at retirement without the T.A.B.

*(Continued on next page.)*

**Tulare County Employees'  
Retirement Association  
136 N. Akers Street  
Visalia CA 93291**

**PRSR STD  
U.S. POSTAGE  
PAID  
VISALIA, CA  
PERMIT NO. 28**

**Phone: (559) 713-2900  
Fax: (559) 730-2631**



## **Temporary Annuity Benefits**

*(Continued)*

- 3) **A detailed estimate provided to you by the Social Security Administration may require the payment of a fee.** TCERA members can calculate a ball-park estimate of future Social Security amounts by using the SSA estimate calculator on the Social Security Administration website at [www.ssa.gov](http://www.ssa.gov). However, the best way to obtain a detailed and accurate figure of your future Social Security retirement benefits is from the local Social Security office. **Make sure that any Social Security estimate you provide to TCERA for the T.A.B. calculation is completed by SSA within 60 days of your TCERA retirement date.**
  
- 4) **You may not need the T.A.B.** Don't forget that TCERA also pays supplemental retirement amounts (over and above the basic allowance) based upon years of service earned with our retirement plan. In planning your retirement, be sure to ask TCERA staff for the amount of supplemental benefits you will also receive. Although the supplemental benefit amounts are not guaranteed to last for your entire life as a retiree, you may find that the combination of TCERA basic and supplemental amounts may be enough to meet your needs.

The T.A.B. can be complicated and requires information to be provided by you. TCERA staff advises members to use the ball-park Social Security estimator first in order to determine if the T.A.B makes sense for you. If it does, then you should visit with the Social Security office staff for assistance in obtaining a more accurate calculation of your future Social Security benefits when you are ready to retire. This will ensure that when your Retirement benefits are reduced and your Social Security starts you are not receiving less than what you anticipated. Please feel free to contact the Retirement Office if we can assist with this retirement option or in answering questions you may have.