



Tulare County Employees' Retirement Association

# Pension Progress

Phone: (559) 713-2900

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

Keeping Members Informed

December 2020

## *A Word from your Retirement Administrator...*



### **Your Retirement Board at Work**

Chess has been getting a lot of attention lately, thanks to a Netflix show called “The Queen’s Gambit”. It follows the trials, tribulations, and successes of a chess prodigy and it has generated quite a lot of interest in learning the game. I’ve even heard that it will be difficult to find a chess set to give as a Christmas gift this year because the manufacturers can’t keep up with the demand. I must confess that I am not a chess player, but I do admire those who excel at the game. Every move is calculated in anticipation of activity that will occur minutes, maybe even hours, later in the game and the amount of patience required to decide on a move and await its outcome is incredible.

I don’t know if the TCERA Retirement Board Trustees are chess players, but I would venture to guess that they would be excellent ones. The Board has spent the last few months reviewing reports from actuaries and investment consultants, gathering information necessary to make informed decisions regarding important retirement matters. Like chess moves, these decisions require forward thinking and will have both short-term and long-term effects on the retirement plan. The trustees must weigh each decision carefully, understanding that each move will have an impact on current participants and plan sponsors, while keeping their eye on the goal of a healthy and viable plan for years to come. The following recent critical decisions are the result of these painstaking efforts:

**Investment Rate Assumption** – The Board reduced the expected long-term rate of return for its investments from 7.25% to 7.0%. In making this decision the Board took into account the investment return forecasts provided by its investment consultant as well as information provided by its actuary. Decreasing the investment rate assumption increases the likelihood of TCERA meeting its target return and avoiding future unfunded liabilities. There are no guarantees, however, and this factor will be reviewed by the Board annually.

**Inflation Assumption** – Reducing the inflation assumption, the expected annual increase in prices measured by the Consumer Price Index (CPI), from 3.0% to 2.75% reflects the opinion of the Board and its consultants that inflation will remain low for the foreseeable future.

**Investment Allocation Changes** – The Board spends a significant amount of time reviewing how it invests plan assets, seeking ways to improve returns while maintaining a prudent risk profile. The most recent change as a result of this effort was to decrease international equity investments in favor of domestic equities.



## Your Retirement Board at Work (Continued)

You may be asking yourself why you should care about these decisions. First and foremost, the viability of the plan is important to all of you. In addition to the comfort of knowing that the plan is healthy, whether you are an active, deferred, or retired member, the Board decisions make a difference to you:

**Active Members** – As an active member, the most noticeable effect of these decisions will be a change in your contributions to the plan. The actuarial assumptions, of which the investment return and inflation assumptions are only two of many, are the basis for determining employee and employer contributions rates. As a result of changes to these assumptions, you can expect to see an increase of approximately 1% of payroll in your contribution rate effective July 1, 2021. Watch for the March Pension Progress Newsletter for more detailed information regarding the increase in contributions.

**Deferred Members** – Deferred members anticipating receiving a future pension have a vested interest in the health of the plan. Prudent decisions by the Board now will sustain the plan to ensure your benefits in the future. Deferred members planning on withdrawing funds at a later date also have an interest in the Board decisions. The success of TCERA investments and the ability to meet the interest rate assumption are significant factors in determining the rate applied to deferred member accounts every six months.

**Retired Members** – As retired members receiving pensions, awareness of such decisions is important too. A healthy TCERA pension plan means your retirement is in good hands. Some retirees are eligible for supplemental benefits and should also care about Board actions and their potential impact on those benefits. Supplemental benefits are paid from a Supplemental Retiree Benefit Reserve (SRBR). Additions to the SRBR are directly related to meeting or exceeding the assumed rate of return. Remember that supplemental benefits can be reduced or eliminated at any time at the discretion of the Board so the ability to increase the balance of funds available to pay those benefits is important.

These are not simple subjects and you are not expected to be experts in these matters. Fortunately, the Board is dedicated to making informed decisions in the long-term best interest of the plan. And like the chess game, we patiently await the outcome as the future unfolds.

Leanne Malison  
Retirement Administrator



---

## Important Notice Regarding TCERA email Transition

Effective January 1, 2021, TCERA's email domain is changing from tcera.org to tularecounty.ca.gov. **To allow this transition to occur, TCERA (and other County departments) will not have access to incoming or outgoing email from December 26, 2020 through January 3, 2021. During this time the only way to reach a TCERA staff member will be by phone (559-713-2900) or fax (559-730-2631).** TCERA's website address is not affected by this change and will remain [www.tcera.org](http://www.tcera.org).



**An important notice to our pension payees:**

**Annual Notice of Right to Elect or Revoke  
Federal Tax Withholding**

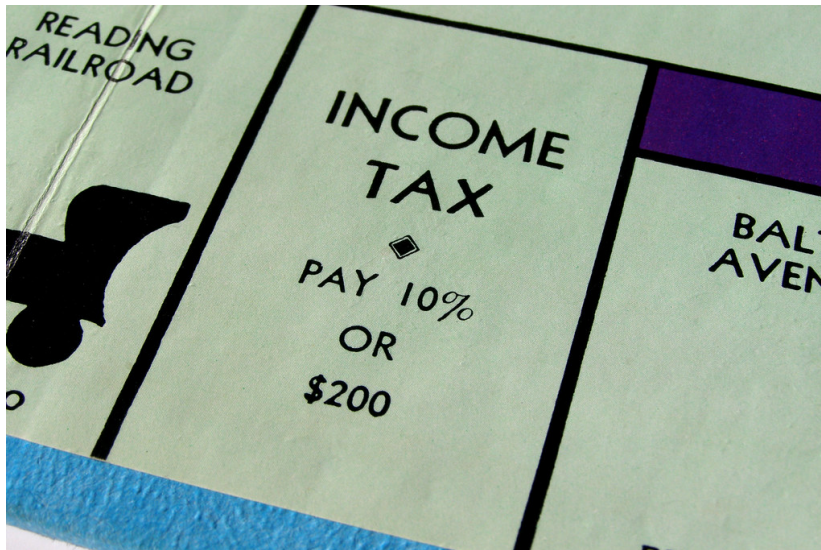
TCERA is required to notify you annually of your right not to have withholding apply to your periodic payment. Your current withholding instructions will stay in effect until you change or revoke them. You have the right to change your election at any time by providing notice to us.

Generally, pension and annuity payments are subject to federal income tax withholding. The withholding rules apply to the taxable part of payments from an employer pension or annuity. The recipients of these payments can choose not to have withholding apply to their pension. However, if you elect not to have withholding apply to your pension or annuity payments, or if you do not have enough federal income tax withheld from your pension or annuity payments, you may be responsible for payment of estimated tax. You may incur penalties under the estimated tax rules if your withholding and estimated tax payments are not sufficient.

**If you do not want to make a change to your federal tax withholding instructions, no action is necessary.**

If you would like to revoke or change your current withholding, please complete federal income tax withholding form W-4P. The form is available in the Forms section of TCERA's website ([www.tcera.org](http://www.tcera.org)). You may also request a form by calling TCERA at 559-713-2900 or writing to us at TCERA, 136 N. Akers Street, Visalia, CA 93291.

Withholding decisions can be complicated. The Internal Revenue Service provides a withholding calculator to assist taxpayers in estimating their withholding for federal income taxes. The calculator is available on the IRS Website ([www.irs.gov](http://www.irs.gov)). We recommend that you consult with your tax advisor if you have questions regarding whether or not to have federal income tax withheld from your pension or annuity payment.



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

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

Presorted Std  
US Postage  
**PAID**  
Visalia, CA  
PERMIT NO. 50

## **TCERA Office Update**

TCERA Board meetings remain open to the public to ensure that you have access to the decision-making process related to your TCERA pension plan. Social distancing and cloth face coverings are required. You can also send public comments to [BORPublicComment@tcera.org](mailto:BORPublicComment@tcera.org) any time before the meeting. Board of Retirement agendas and backup materials are posted on TCERA's website [www.tcera.org](http://www.tcera.org) prior to the meetings. Board approved meeting minutes are also posted. Please take advantage of these communications to stay informed regarding Board of Retirement activity.

TCERA's lobby continues to be closed to the public due to the COVID-19 pandemic. All critical functions and processes are handled by TCERA staff via U.S. mail and electronic communications. Any in-person contact with staff for a critical purpose is by appointment only. Social distancing and cloth face coverings are required. To date, all processes and transactions have been completed on time. It is our goal to continue to provide quality service in spite of the limitations imposed by the current emergency.

The Board of Retirement and TCERA staff are grateful to all of you for your patience and consideration during these challenging times. We sincerely hope that you are all able to stay safe and well!

Contact TCERA at:  
(559) 713-2900  
[info@tcera.org](mailto:info@tcera.org)