



Tulare County Employees' Retirement Association

Pension Progress

Phone: (559) 713-2900

www.tcera.org

Keeping Members Informed

June 2023

A Word from your Retirement Administrator...

It's Summertime and the Living is Easy

I hope these words from the beloved song "Summertime" are true for you as the weather has certainly reminded us that summer is here! As the fiscal year comes to a close, this is a good time to remind you of some important things that happen at TCERA this time of year. There's some good news from TCERA so hopefully we can help you ease into summer.



Active Member Contribution Rates – Remember that new rates go into effect for active members as of pay period 14 (payroll ending July 1, 2023). The good news is that the change in active member contribution rates, if any, will be very small. Remember that contributions are taken as a percentage of pensionable compensation, so if your earnings go up, so do your contributions. That may not sound like good news but that means that the earnings basis for your future retirement is increasing as well.

Retiree Cost of Living Increases – Cost of Living increases were successfully applied to pension payments effective April 1st. The increases were 3% for Tier 1 and 2% for Tiers 2, 3, and 4. Some retirees also experienced a change in Supplemental COLA or received it for the first time. This is welcome news as inflation continues to affect TCERA retirees' pocketbooks. Please contact TCERA if you have any questions regarding the changes to your payment.

Investments – Inflation, domestic issues, geopolitical issues, and market instability continue to show up in the headlines, so not everything is easy this summer. TCERA is keeping an eye on how these issues may impact TCERA investments. June 30th numbers won't be available in time for this newsletter but I can report that, as of the date this article was prepared, investment returns are in positive territory. It will take some extremely good returns in June in order for TCERA to meet its assumption rate of 7% but the good news is there has been an increase to invested assets this year.



Please remember that the TCERA investment portfolio is structured for long-term results. Shorter term fluctuations may be of concern but these storms will be weathered as they have been in the past. Fortunately, the 10-year smoothing process in place for the recognition of investment gains and losses has allowed TCERA to set aside some previously earned gains. Drawing upon those gains will help mitigate the volatility we're experiencing with the current markets.

I hope you enjoy an easy summer!
Leanne Malison

Knowing Your Retirement Payment Options

For those of you already in retired status, you know that your decision regarding your retirement payment option is an important one. Active TCERA members are sometimes surprised to learn that there are a number of benefit options to choose from at retirement. Each of the different payment options impacts the basic retirement allowance, so the various options should be considered carefully. Here's a brief review of the retirement benefit options available to TCERA members:



Unmodified Option - This option provides the maximum monthly lifetime allowance payable to the member, and will also pay a 60% continuance to a qualified surviving spouse as defined by retirement law (or minor child if there is no eligible spouse) following the member's death. If there is no eligible spouse or minor child, the named beneficiary will receive a lump sum payment of accumulated contributions less the sum of the actual monthly retirement allowance payments that have been paid since retirement. (It's called the "Unmodified Option" because it is the one originally allowed for under the law that governs the retirement plan.)

Option 1 - This benefit payment modification provides for a slightly reduced monthly retirement allowance with the provision that the accumulated contributions, less the sum of the annuity portion only of the payments that have been disbursed since retirement, will be paid upon death to the named beneficiary. Under this option, the retired member may change the designated beneficiary.

Option 2 - This option provides for a reduced monthly retirement allowance with 100% of the allowance continued after death to the beneficiary named at retirement for their lifetime. If the named beneficiary dies before the member, a new beneficiary may NOT be designated for continuance purposes and the allowance under this option will cease upon the member's death. A named beneficiary will receive a lump sum payment of accumulated contributions less the sum of the actual monthly retirement allowance payments that have been paid since retirement.

Option 3 - This option provides for a reduced monthly retirement allowance with 50% of the allowance continued after the death of the member to the beneficiary named at retirement for their lifetime. If the named beneficiary dies before the member, a new beneficiary may NOT be designated for continuance purposes and the allowance under this option will cease upon the member's death. A named beneficiary will receive a lump sum payment of accumulated contributions less the sum of the actual monthly retirement allowance payments that have been paid since retirement.

Option 4 - This option allows a member to name MULTIPLE beneficiaries at the time of retirement who will each receive a lifetime continuance following the death of the member. Electing this option requires that an actuarial study be completed to determine how much of an allowance reduction the member must take AND that the Retirement Board approves the election of Option 4 in advance of the retirement date. If one or more of the beneficiaries dies before the member, a replacement beneficiary for continuance purposes may NOT be designated. The remaining beneficiaries will receive only the percentage of benefit identified for them in the original calculation. The death of a beneficiary never increases the continuance amount for the remaining beneficiaries whether the death of the beneficiary occurs before or after the death of the member. If all beneficiaries pass away before the member, a named beneficiary will receive a lump sum payment of accumulated contributions less the sum of the actual monthly retirement allowance payments that have been paid since retirement.



Please note that the benefit payment option selected by you at retirement may also have significant tax implications. You are encouraged to speak with a qualified tax advisor prior to finalizing your decision. In addition, should you have questions regarding the benefit options available to you, please contact the Retirement Office at (559) 713-2900.

A Few Frequently Asked Questions...

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 Plan (like TCERA), a formula is used to calculate the plan member's 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 TCERA plan provides cost-of-living adjustments (COLA's) to retirees in order to help protect the purchasing power of their pensions. Pre-retirement and post-retirement death benefits are also provided under the plan which may include lifetime benefits 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. Contact the Retirement office for more information.

How does the balance in my TCERA retirement account affect my retirement benefit?

Your account balance is not part of the calculation of your retirement benefit with TCERA. The benefit is calculated using a formula based upon your membership type (General or Safety and Tier), your age at retirement, your years of retirement service credit with TCERA, and your final average salary. Your contributions are important in that they help to fund the monthly pension benefit you will receive, but your contributions DO NOT play a role in determining the amount of your monthly retirement allowance.

Can I take out a loan on the amount I have in my TCERA account?

No, loans are not allowed. The provisions of the California Government Code sections governing the TCERA plan do not permit us to make loans from the amount a member holds in her/his retirement account. While loans may be permissible to employees who participate in the County's Defined Contribution program, the same is NOT true for TCERA.

Can I use funds from my defined contribution (Empower) account or other deferred compensation plans to buy-back service time for Retirement?

Yes. Rollovers from qualified plans such as the defined contribution plan as well as IRA, 403B, and 401K programs can be accepted by TCERA for the purchase of periods of service such as Extra Help, certain medical leaves, and the redeposit of formerly withdrawn contributions that meet retirement law eligibility requirements. Other acceptable methods of payment include lump-sum payments and post-tax biweekly deductions from your pay. For more details regarding service purchases, please contact the Retirement office.

I am divorced and my ex-spouse received community property from my retirement account. If my ex-spouse withdraws it, can I purchase my service back?

When TCERA receives Court approved instructions for how your contributions and years of service are to be divided between you and your ex-spouse, the account will be divided (both contributions and years of service) as instructed. If the ex-spouse elects to take a withdrawal, you will be notified and will be given the option of redepositing 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 redeposit. If the ex-spouse does not withdraw, the community property cannot be restored.

Can my benefit change after retirement?

Your basic retirement benefit will not change after you retire. The basic benefit is determined based on your membership type and tier, age, years of service, and final average salary at the time of your retirement. There are currently two additional components of retirement compensation that can increase or decrease after retirement. The first is the Cost of Living amount paid to you as determined each year by the Board of Retirement. The Cost of Living amount can increase or decrease based on the change in CPI for the year. The second component is any eligible non-vested compensation paid from the Supplemental Retiree Benefit Reserve (SRBR) such as Supplemental Cash and Supplemental COLA. Not all retirees are eligible for supplemental benefits and the Board of Retirement can adjust these benefits at any time.

TCERA Service Purchases

TCERA permits active and deferred status members to purchase Retirement Service Credit for certain periods of service, if eligible. You may be eligible to purchase Service Credit for the following periods:

- Disability Leave covered by Worker's Compensation
- Personal 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
- Previously withdrawn TCERA service. In general, this redeposit option is available only to members in active employment with a TCERA employer, although there are some exceptions for safety members if certain conditions are met.

There are three payment choices for purchasing eligible service credit:

- **Lump Sum Payment (Direct)** – A personal check, payable to TCERA, for the entire amount due. Such payments are made on an “after-tax” basis.
- **Lump Sum Payment (Rollover)** – A rollover from a qualified plan. The pre-tax or post-tax status of a rollover payment is based on the tax status of the rollover funds.
- **Payroll Deductions** – Payroll deductions through an installment plan. You will be charged additional interest until the purchase is completed. These deductions are made on an after tax basis as required by IRS regulations. **This option is irrevocable. You cannot change the amount of your payroll deduction until you complete the purchase or terminate employment.**



Purchased Retirement Service Credit counts only toward determining the amount of the 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 the account after the total amount has been paid. In some cases (e.g. some disability retirements) a service purchase may not increase the benefit at retirement. Please contact the Retirement Office if you have questions regarding purchasing TCERA service credit. You can also obtain a Service Purchase Estimate Form from our website, www.tcera.org.

TCERA Office and Board Meeting Access

With the lifting of the declared emergency by Governor Newsom at the end of February, TCERA is returning to more “normal” operations. TCERA’s lobby is open to the public. Many of you will still feel more comfortable wearing a mask indoors. If so, you are welcome to do so in our office. In addition, if you would prefer that the staff member assisting you wear a mask, please ask and we will be happy to do so. What we learned from the pandemic is that all critical functions and processes can be handled via U.S. mail and electronic communications to offer you a safer alternative for service and avoid making a trip to the retirement office. **If you require in-person contact with staff, please make an appointment to ensure that a staff member is available to assist you.** We don’t want you to make a special trip only to find that staff are assisting other members.

TCERA Board meetings are open to the public to ensure that you have access to the decision-making process related to your TCERA pension plan. Members of the public may address the Board in person or comments can be sent to BORPublicComment@tularecounty.ca.gov any time before the meeting. Meetings are live streamed through a YouTube link on the website. Board of Retirement agendas and backup materials are posted on TCERA’s website 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.

Questions? – Contact TCERA at:
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info@tularecounty.ca.gov