



Tulare County Employees' Retirement Association

Pension Progress

Phone: (559) 713-2900

www.tcera.org

Keeping Members Informed

March 2023

A Word from your Retirement Administrator...

Important News Coming Your Way



It's hard to believe that year end is almost three months behind us and we are seeing the beauty of our valley explode with blossoms of spring. The rain has refreshed parched earth and hopefully you are feeling refreshed as well. I hope the snow-capped mountains bring a smile to your face. They sure bring one to mine! Spring is not just a time of renewal for nature and our attitudes, however. It is also the time when several important actions are taken by the Board of Retirement. In addition to the regular review of the investment portfolio and administrative matters, recent important items of interest to TCERA members include the following:

Interest Posting – Interest is posted to active member accounts and other reserves every six months (June 30th and December 31st). The rate is determined by the Board of Retirement based on TCERA's investment returns, net of administrative expenses, smoothed over a ten-year period. This ensures that rates remain very stable in both up and down markets. If you pay attention to investment market conditions, you'll know that the recent ride has been a bit rocky. Fortunately, the ten-year smoothing process provides stability and has allowed the Board to approve interest for member accounts and reserves in excess of the Plan's nominal return on investments of approximately 1.2% for the six-month period ending December 31, 2022. The Board approved December 31, 2022 rates of interest to be credited to member accounts of 2.6257% for Tiers 1, 2 and 3 and 2.5016% for Tier 4.

Supplemental Retiree Benefit Reserve (SRBR) – Tiers 1, 2, and 3 are covered by a special provision of the government code that governs TCERA that dictates how funds are distributed to reserves whenever the Plan achieves net income after smoothing that is over and above the Plan's investment assumption rate. For this interest posting period, net earnings were below the investment assumption rate. That doesn't mean that the SRBR didn't receive interest. The SRBR was credited with 2.6257% interest, the same as all other TCERA reserves. The Board of Retirement continues to monitor the status of the SRBR to ensure that it is positioned to pay benefits to retirees well into the future.



NOTE: Tier 4 members are not eligible for SRBR benefits.

Important News Coming Your Way (Continued)

April 1, 2023 Cost of Living Adjustment (COLA) – Pension payees receive COLA as determined by the change in the Consumer Price Index (CPI) rounded to the nearest half of a percent, not to exceed 3% for Tier 1 and 2% for Tiers 2, 3, and 4. COLA may be positive, negative, or zero for any given year.

The percentage increase to the Riverside-San Bernardino-Ontario CPI, applicable to TCERA, was 7.49%. The Board of Retirement approved the rounded COLA of 7.5% to be used as the basis for determining COLA amounts to be applied to payments effective April 1, 2022 and the resulting update to COLA “banks”. As you can see from this year’s CPI increase, inflation continues to have a significant impact on our economy. Retirees are feeling the pinch and it may be discouraging to see the COLA maximums be so far below the actual change in CPI. Remember that TCERA “banks” the difference between CPI and the actual COLA applied. This means that in future years when CPI is below the maximum COLA, those pensioners with a bank will be able to draw on it to bring the COLA up to the maximum allowed by the Plan. Pension payees will see this year’s COLA beginning with the April 30, 2023 payment. The actual COLA to be applied is as follows:

Tier 1 Initial retirement date on or before 4/1/2023 = 3.0%

Tiers 2-4 Initial retirement date on or before 4/1/2023 = 2.0%



SRBR Purchasing Power Protection Benefits (Supplemental COLA)

One of the SRBR benefits provided to eligible retirees is a cash benefit that helps those retirees whose purchasing power has fallen below 85% of the original basic benefit. The benefit keeps the payment at the 85% level, providing a safety net for those payees hit hardest by inflation. Because of the 7.5% CPI increase used in the COLA calculation for April 1, 2023, some payees will see an increase to their Supplemental COLA benefit or may receive the benefit for the first time.



Annual Comprehensive Financial Statement – TCERA’s Annual Comprehensive Financial Statement (ACFR) was approved by the Board of Retirement in December. This report gives detailed information regarding the financial status of the plan including audited financial statements, financial disclosures and analysis, investment performance details, and actuarial analysis. In addition, it provides an overview of Plan activity during the year and includes a plan summary. The June 30, 2022 ACFR is now available on TCERA’s website www.tcera.org.

All of the information provided here is intended to give you a broad overview of these topics. If you have questions regarding the areas discussed in this article (interest posting, SRBR Benefits, COLA, ACFR), or any TCERA retirement plan issues, please refer to the Plan Summary available on our website or contact the Retirement Office for additional details.

The Board of Retirement continues to work in your best interests on a wide range of important issues so shout out a thank you the next time you see a trustee.

Leanne Malison
Retirement Administrator

Your TCERA Death and Burial Benefits

It's rare that someone would enjoy talking about death. The death and burial benefits available from the TCERA pension plan, however, are good news for your beneficiaries and it is important that you are informed regarding what your beneficiaries can expect.

Post-Retirement Death Benefit – Benefits paid to the beneficiary of a retired member depend on the option elected by the retiree at the time of retirement. These benefits may include a lifetime continuance for an eligible beneficiary. In other cases, the beneficiary may receive a lumpsum payout of funds remaining in the retired member's account, if any, at the time of death. If you are unsure of the option you selected at retirement, please contact the Retirement Office to learn more about these benefits.



Burial Benefit – In addition to the benefits discussed above, a one-time lump sum burial benefit of \$5,000 is payable to the beneficiary of a retired member, provided the member retired from a TCERA employer rather than a reciprocal system. This benefit is paid only upon the death of the member; it is not paid upon the death of a beneficiary.

Death in Active Status (Non-Vested with less than 5 Years of Service) – The beneficiary of a non-vested member who passes away in active status will receive a one-time lump sum basic death benefit consisting of a return of the contributions and interest which have accumulated in the member's retirement account. If the member has at least one year of completed service, a one-time lump sum payment of one month's salary for each completed year of service, up to a maximum of six months' salary is also payable to the beneficiary.

Death in Active Status (Vested with 5 Years of Service) -- The beneficiary of a vested member who passes away in active status will receive the same benefits payable under the non-vested rules. If a spouse (or minor child if there is no spouse) meets all of the eligibility requirements, that beneficiary may choose a lifetime continuance or a combination of a partial lump-sum and a lower continuance in lieu of the lump sum death benefits.

Death in Deferred/Reciprocal Status – The beneficiary of a member in deferred or reciprocal status will receive a one-time lump sum payment of the contributions and interest which have accumulated in the member's retirement account. For reciprocal members, the beneficiary must contact the most recent retirement system for information regarding available death benefits.

Terminal Illness: Death, Disability, and Retirement Considerations –

Active death benefit considerations can be complex. If you have been diagnosed with a terminal illness it is important that you obtain information regarding all options available to you. This includes the possibility of choosing to retire, if eligible, to lock in certain benefits for your beneficiary. In certain circumstances it may be in your best interest to file a disability application. **If you are ever diagnosed with a terminal illness as an active employee, please contact the Retirement Office for an appointment to discuss all options thoroughly.** If you are unable to do so, we can discuss general information with a family member to assist you in making critical decisions regarding your TCERA retirement.



If you have any questions regarding the death benefits available from your TCERA pension plan, please contact the Retirement Office. Your beneficiary will thank you!

Employee and Employer Contribution Rate Changes

It's that time of year again. The Board of Retirement reviewed the most recent Actuarial Valuation dated June 30, 2022 and approved the contribution rates as recommended in the report. The new rates will go into effect July 1, 2023 (pay period 14). The good news is that employee contribution rates changed only slightly over the prior year. In fact, most will not change at all. Remember that the contributions actually deducted from your paycheck are a percentage of your pensionable compensation. That means that if your pay increases, so will your contributions, even if the rate remained unchanged. Rates are assigned based on entry age, membership type (general or safety), and tier. The relatively unchanged rates are due to no significant demographic or assumption changes for the Plan.



Employer contributions will be increasing next fiscal year. Employer contributions are the funds deposited with TCERA each year to be used for payment of your future pension and other benefits. A combination of investment performance due to the volatile market environment and the final year of a three-year phase in of changes to actuarial assumptions have resulted in an overall employer contribution rate of 16.01% of payroll as compared to 15.19% in the prior year as an average for all employers. Rates attributable to individual employers will vary.

The information regarding the development of employee and employer rates and the rate chart can be found in the June 30, 2022 Actuarial Valuation posted on TCERA's website.

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. In order to address the Board remotely, you must pre-register through Teams access available on TCERA's website www.tcera.org. 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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