



Tulare County Employees' Retirement Association

Pension Progress

Phone: (559) 713-2900

www.tcera.org

Keeping Members Informed

December 2024

A Word from your Retirement Administrator...

TCERA Fiscal Year End Results

It's the time of year when staff is hard at work wrapping up year-end activity in order to finalize the results of TCERA's fiscal year operations. This information will be provided in detail in TCERA's Annual Comprehensive Financial Statement (ACFR) and Popular Annual Financial Statement (PAFR) for the fiscal year ending June 30, 2024. The ACFR and PAFR are in the final stages of completion. As required by law, they will be made available on TCERA's website by December 31, 2024.

Investment Results – Verus, TCERA's investment consultant, has compiled the investment results for the fiscal year. TCERA investments returned 9.2% for the fiscal year, exceeding the 7% assumption rate in place – great news for the plan! TCERA focuses on long-term results and is invested in a highly diversified portfolio that is designed to take advantage of positive market environments while protecting on the downside when more challenging factors are in play. Highlights of the investment program and fiscal year results are included in the ACFR. The full investment report is available on TCERA's website.



Financial Results – TCERA spends a significant amount of time ensuring that TCERA's financial reports are current and accurate. The accounting team is tasked with providing all necessary information to TCERA's independent auditor, Brown Armstrong, for detailed review. As of this writing, the financials are with the auditor for completion of the audit process. The final audit report will be presented to the Board of Retirement at the December 11, 2024 Board meeting. TCERA has a long history of very clean audit results and it appears that this year will be no different. The audited financial statements will be included in the 2024 ACFR.

Actuarial Results – Cheiron, TCERA's actuary, is under contract to consult with the Board regarding actuarial matters. The annual actuarial valuation includes projections that provide valuable information regarding the health of the plan. It also guides the Board in making important decisions regarding methods and assumptions that are used to develop employer and employee contribution rates. The resulting actions taken by the Board mean that employer rates are increasing a bit as expected and employee rates will show very little change for next year. Please note that one of the areas the actuary reviews with the Board of Retirement is the health of the Supplement Retiree Benefit Reserve (SRBR). Please see the following article for important information regarding changes made to the SRBR benefit structure. The ACFR will include important extracted actuarial information. The complete Cheiron reports are available on TCERA's website if you are interested in more detailed reporting.

Keep your eyes open for the ACFR and PAFR, coming soon!

Leanne Malison, Retirement Administrator

Supplemental Retiree Benefit Reserve (SRBR)

Recent Changes to Benefits – What does this mean for you?



SRBR benefits are somewhat unique to TCERA. Only two other counties in California have adopted the government code section that establishes a reserve specifically for use in providing non-vested additional benefits to retirees. Due to rising inflation, the Board of Retirement has made some changes to help ensure that there will be funds in the reserve to pay benefits to current and new retirees well into the future.

IMPORTANT NOTE: Supplemental Benefits are available only to TCERA members in Tiers 1, 2, and 3. Tier 4 members are not eligible for these benefits.

Supplemental Cash Benefit – No change was made to this benefit. Retirees who retire with a minimum of 10 years of TCERA service will continue to be eligible for the supplemental cash benefit. TCERA retirees receive \$12.50 per month per year of TCERA service up to a maximum of 20 years (benefits range from \$125 to \$250 per month based on those years of service). Eligible continuants will continue to receive 50% of the member's original benefit.

Supplemental COLA Benefit – This benefit is frozen, effective January 1, 2025. The Supplemental COLA benefit provides purchasing power protection to retirees and continuants by maintaining pension payments at 85% of the original benefit. As you can imagine, the inflationary environment of the last few years has caused this benefit to skyrocket, depleting the SRBR at an unanticipated and unsustainable rate. By freezing the benefit, the Board of Retirement, with advice from its actuary, projected that the reserve could remain healthy for current and future retirees. Any benefits currently in effect will continue to be paid. There will be no new or additional supplemental COLA benefits until such time as the Board of Retirement takes further action regarding the SRBR benefits.

Post-Retirement Spouse – This benefit is eliminated for all member deaths that occur on or after January 1, 2025. TCERA has been using SRBR funds to pay for certain spousal continuances that do not meet the legal requirement under California retirement law. In order for a spouse to be eligible for a continuance, the spouse must be married to the member for a minimum of 1 year prior to retirement. A post-retirement spouse optional code allowed for certain ineligible spouses to become eligible for a continuance if the spouse met certain criteria. This benefit affected a very small number of retirees but carried an expensive lifetime benefit paid from the SRBR. The Board of Retirement believes that by eliminating this benefit, there will be more funds available in the SRBR that can affect a greater number of retirees.

TCERA members are very fortunate to enjoy the benefits from this reserve that are not available to retirees in other California counties. Please keep in mind that **supplemental benefits are not vested and can be reduced or eliminated at any time at the discretion of the Board of Retirement**. Also note that if economic conditions change and the SRBR increases in size in the future, the Board of Retirement may reevaluate the benefit structure and change or restore benefits, if prudent to do so.

The trustees take their role in the oversight of the SRBR and related benefits very seriously. Their choices regarding the SRBR benefits are always made with the best interests of TCERA members in mind.

An important notice to our pension payees:

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

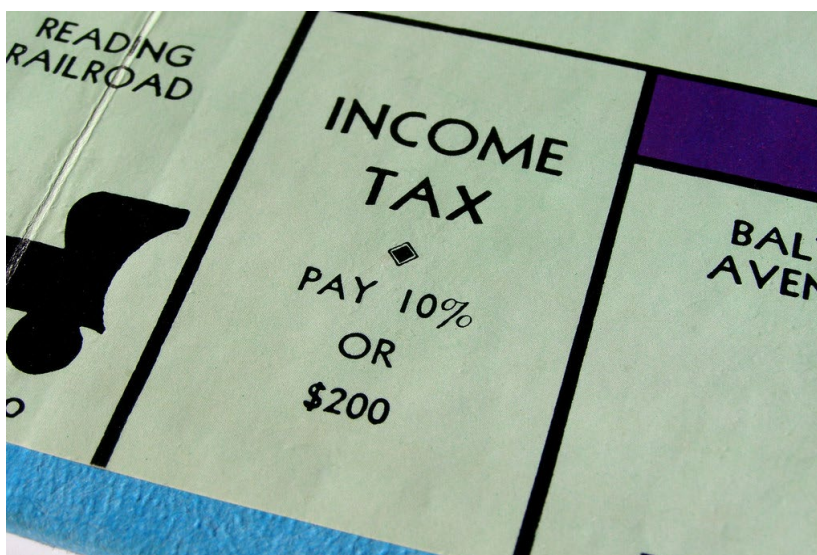
TCERA is required to notify you annually of your right not to have withholding apply to your periodic payment. Your current withholding instructions will stay in effect until you change or revoke them. You have the right to change your election at any time by providing notice to us.

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 the 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). 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. If you are enrolled in the MyTCERA web portal, you have the option to update your tax withholding online. **Please note that the IRS released a completely revised form W-4P in 2023. Plan ahead for your changes so that you have time to properly review and complete the form.**

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). We recommend that you consult with your tax advisor if you have questions regarding tax withholding from your pension payment.



Board Trustee Election Results

Thank you to all of you who voted in the recent Board of Retirement election. Trustee participation on the Board is important, filling a critical role as your representatives. The election results are as follows:

Safety Member: Javier Martinez, a Sheriff's Lieutenant in the Corrections Department, is your new elected safety trustee. Lieutenant Martinez has been employed with the Sheriff's Department in various roles since 2006.

Alternate Safety Member: Jeff McLaughlin is your new elected alternate safety trustee. He is a Deputy Fire Chief and has been with the Tulare County Fire Department since 2007. As the alternate safety trustee, he will be able to attend all meetings and vote in the absence of the safety member as well as other elected trustees under certain circumstances.

General Member: Victor Arellano is your new elected general member trustee. He is the Principal Investment Officer with the Treasurer's office. Mr. Arellano has held various positions with the County for 11 years.

Outgoing Trustees: The trustees leaving the Board at the end of this year are Nathan Polk, Safety Trustee, David Vasquez, Alternate Safety Trustee, and Ty Inman, General Member Trustee. A big thank you is due for the time and effort these individuals have dedicated to the retirement system.

The three-year terms for the new trustees begin when they are sworn in at the January 8th, 2024 Board of Retirement meeting. Your Board trustees devote a great deal of time and energy to their work on the Board of Retirement. They are required to participate in Board meetings twice a month, study agenda materials, and attend continuing education seminars and conferences. They are your eyes, ears, and voices at Board meetings and work toward the best possible results for the governance of the TCERA pension plan. Please say thank you to these hard working individuals!

TCERA Office and Board Meeting Access

TCERA's lobby is open to the public during regular business hours. Masks are not required but you are welcome to wear a mask if you will feel more comfortable 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. Please be aware that all critical functions and processes can be handled via U.S. mail and electronic communications to offer you a safe and convenient alternative for service and avoid making a trip to the retirement office. Please contact the retirement office for assistance with these options. **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 link on TCERA's 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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