



Tulare County Employees' Retirement Association

Pension Progress

Phone: (559) 713-2900

www.tcera.org

Keeping Members Informed

March 2022

A Word from your Retirement Administrator...

Board of Retirement “Springs” into Action



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. Unfortunately, it's also time for those spring cleaning chores that face us every year. It always feels good to get those out of the way! Spring is not just a time of renewal for nature and our dwellings, 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. For the first time since 2008, the Board approved member interest rates that meet or exceed the Plan's investment assumption rate due to continued positive investment performance. The Board approved December 31, 2021 rates of interest credited to member accounts of 3.785% for Tiers 1, 2 and 3 and 3.441% for Tier 4.

“Excess Earnings” and the 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. These funds are categorized as “excess earnings” and divided among the Plan's Tier 1, 2 and 3 reserves as legally required. 50% of those earnings are credited to the SRBR with the remaining funds distributed to the other reserves, resulting in a credit of \$5,372,956 to the SRBR in addition to the interest credited at the assumption rate. This is especially good news for retirees eligible for SRBR benefits because these additional funds help preserve the health of the reserve. This is also the reason that the interest rate posted to Tier 1, 2, and 3 active member accounts as noted above exceeds the semi-annual assumption rate of 3.441%.



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

Board of Retirement “Springs” into Action (Continued)

April 1, 2022 Cost of Living Adjustment (COLA) – Pension payees receive COLA as determined by the change in 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 7.90%. The Board of Retirement approved the rounded COLA of 8.0% to be used as the basis for determining COLA amounts to be applied to payments effective April 1, 2022. For the first time in many years, inflation is having 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, 2022 payment. The actual COLA to be applied is as follows:

Tier 1 Initial retirement date on or before 4/1/2022 = 3.0%

Tiers 2-4 Initial retirement date on or before 4/1/2022 = 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 payment 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 8.0% CPI used in the COLA calculation for April 1, 2022, 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, 2021 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

Employee Contribution Rate Changes

It's that time of year again. The Board of Retirement reviewed the most recent Actuarial Valuation dated June 30, 2021 and approved the contribution rates as recommended in the report. The new rates will go into effect July 1, 2022 (pay period 14). The good news is that employee contribution rates changed only slightly over the prior year. 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. To assist in your financial planning, the following is a sample comparison of the contribution rate changes for the next fiscal year.

TCERA EMPLOYEE SAMPLE CONTRIBUTION AMOUNT COMPARISON 2021/2022

TIER	YEAR BEGINNING JULY 1	ENTRY AGE	SAMPLE PENSIONABLE COMPENSATION	RATE ON 1st \$162 of COMP	RATE ON COMP OVER \$162	TOTAL CONTRIBUTION
GENERAL						
2/3	2021	25	\$2,500.00	5.23%	7.84%	\$191.77
	2022	25	\$2,500.00	5.23%	7.84%	\$191.77
2/3	2021	35	\$2,500.00	6.41%	9.61%	\$235.07
	2022	35	\$2,500.00	6.41%	9.61%	\$235.07
2/3	2021	45	\$2,500.00	7.85%	11.77%	\$287.90
	2022	45	\$2,500.00	7.85%	11.77%	\$287.90
2/3	2021	55	\$2,500.00	9.12%	13.68%	\$334.61
	2022	55	\$2,500.00	9.12%	13.68%	\$334.61
4	2021	25	\$2,500.00	5.69%	5.69%	\$142.25
	2022	25	\$2,500.00	5.69%	5.69%	\$142.25
4	2021	35	\$2,500.00	7.89%	7.89%	\$197.25
	2022	35	\$2,500.00	7.89%	7.89%	\$197.25
4	2021	45	\$2,500.00	10.68%	10.68%	\$267.00
	2022	45	\$2,500.00	10.67%	10.67%	\$266.75
4	2021	55	\$2,500.00	14.05%	14.05%	\$351.25
	2022	55	\$2,500.00	14.03%	14.03%	\$350.75
SAFETY						
2/3	2021	25	\$2,500.00	7.55%	11.33%	\$277.13
	2022	25	\$2,500.00	7.55%	11.33%	\$277.13
2/3	2021	35	\$2,500.00	8.95%	13.43%	\$328.49
	2022	35	\$2,500.00	8.95%	13.43%	\$328.49
2/3	2021	45	\$2,500.00	10.37%	15.56%	\$380.59
	2022	45	\$2,500.00	10.37%	15.56%	\$380.59
2/3	2021	55	\$2,500.00	10.87%	16.31%	\$398.94
	2022	55	\$2,500.00	10.87%	16.31%	\$398.94
4	2021	25	\$2,500.00	11.53%	11.53%	\$288.25
	2022	25	\$2,500.00	11.54%	11.54%	\$288.50
4	2021	35	\$2,500.00	15.22%	15.22%	\$380.50
	2022	35	\$2,500.00	15.24%	15.24%	\$381.00
4	2021	45	\$2,500.00	19.26%	19.26%	\$481.50
	2022	45	\$2,500.00	19.28%	19.28%	\$482.00
4	2021	55	\$2,500.00	20.91%	20.91%	\$522.75
	2022	55	\$2,500.00	20.93%	20.93%	\$523.25

Preparing for Your Retirement

Preparing for retirement requires planning in a number of areas. TCERA is here to assist members to ensure, once you have made the decision to retire, you can do so with a feeling of confidence. In preparing for your retirement, consider the following:

Gather important documents. The following documents are required in order to complete your application for retirement: an original or certified copy of your **birth certificate** (or valid passport, naturalization papers, or Form DD2-14) original or certified copies of both your **marriage certificate** and your **spouse's birth certificate** if you are married, and documentation regarding the disposition of TCERA **community property** if you divorced during employment. In addition, we will need to make a copy of your **driver's license and Social Security card**.

Attend a TCERA sponsored pre-retirement seminar. Speakers at the seminars include TCERA staff as well as outside agencies such as the Health Insurance Counseling & Advocacy Program (HICAP) and the Tulare County Defined Contribution program (Empower). Seminar schedules are available on TCERA's website.

Select your retirement date. A variety of factors should be considered in determining the best time for you to retire. To begin the process, request a benefit estimate from TCERA which will provide you with an estimated monthly benefit as well as your different retirement payment options. A "Request for Estimate" form is available on TCERA's website. Selecting the most beneficial retirement date is an important decision. Many members choose to retire on or as close to April 1st as they can in order to be entitled to receive any applicable retirement Cost of Living Adjustment (COLA) for that calendar year. Selecting a retirement date after a "quarter birthday" may also have an impact on your benefit because pension factors increase each quarter until the maximum is reached.

As you plan for retirement, you will have important questions regarding your TCERA benefit. Planning ahead will make a big difference in navigating through the process. As you near retirement, call TCERA to make an appointment with a Retirement Specialist to assist you with selecting a retirement date, choosing the best retirement payment option for you and to answer other retirement questions.

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. Attendance is limited and social distancing is encouraged. Face masks are optional but encouraged. Public comments can be sent to BORPublicComment@tcera.org any time before the meeting. Access via Zoom or live stream on YouTube is also available. Contact the Retirement office 48 hours prior to the meeting to obtain remote access information. Board of Retirement agendas, minutes and backup materials are posted on TCERA's website prior to the meetings. Please take advantage of these communications to stay informed regarding Board of Retirement activity. **Safety precautions change quickly. Please contact the Retirement Office for the most current public access requirements.**

TCERA's lobby is open to the public. Due to the COVID-19 pandemic and in accordance with state and local guidelines, masks are encouraged but not required when in the Retirement Office. All critical functions and processes can be handled via U.S. mail and electronic communications to offer you a safer alternative for service. **If you require in-person contact with staff, please make an appointment to ensure that a staff member is available to assist you.** 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@tularecounty.ca.gov