



Tulare County Employees' Retirement Association

Pension Progress

Phone: (559) 713-2900

www.tcera.org

Keeping Members Informed

September 2021

A Word from your Retirement Administrator...

Fiscal Year End Investment Results



It seems like we spend a lot of time dwelling on problems, concerns, and fears these days. That's to be expected in the midst of a pandemic that won't seem to let go. That is why it is a pleasure for me to start this newsletter with some very good news. TCERA achieved an all-time high on its investment return for the fiscal year ended June 30, 2021. Verus, TCERA's investment consultant, gave the Board of Retirement the good news at the Board meeting of August 25th that the fiscal year return on investments was 23.6%. The full performance report from Verus is available on TCERA's website if you want to check out the details. It's hard to believe that final financial statements are expected to show that TCERA's assets exceed \$2 billion!

What does this mean for the plan? The first thing to remember is that TCERA will not recognize these gains all at once for purposes of determining funding status. The Board of Retirement has implemented a smoothing process that recognizes gains and losses over a ten-year period. That ensures that investment return volatility doesn't result in a roller coaster or whiplash effect. As the gains and losses are accounted for over time, the volatility is smoothed so that the gains recognized over time can offset any losses that may have occurred in the past or may occur in the future. That means that the funding status of the plan as calculated by TCERA's actuary may not increase as much as you might expect with these types of investment returns. Keep your eyes open for the June 30, 2021 actuarial valuation that will be available in November.

Similarly, when determining the funds available for crediting interest to member accounts and reserves, TCERA uses the financial position after the smoothing has been applied. This means that interest credited may seem lower than expected. Keep in mind that this process helps ensure that accounts receive a reasonable rate over time rather than the roller coaster ride of returns described above. It also reduces the possibility that TCERA would need to post a negative interest rate in times of poor returns. A number of years ago there was a time when TCERA would have posted negative interest, actually deducting funds from member accounts and reserves, had the smoothing process not been in place. As of the writing of this newsletter, the June 30th interest rate had not yet been determined by the Board. The actual rates posted will be provided in TCERA's annual financial report that will be available by calendar year end.

We don't know what the future holds, but we are definitely pleased that the fund has performed well, bolstering an already strong funding position for the plan.

Leanne Malison
Retirement Administrator

Investment Allocation Changes



TCERA's Trustees review the investment portfolio allocations on a regular basis, determining if changes are advisable to achieve good returns while maintaining an acceptable level of risk to protect plan assets. The Board spent significant time over the past few months evaluating the levels of risk and reward associated with some significant changes to the target percentages of various asset classes in TCERA's strategic asset allocation. At the August 11, 2021 Board of Retirement meeting the trustees elected to add an acceptable level of liquidity and volatility risk to the portfolio in order to offer the potential for higher future returns.

The changes included a slight increase to public equity investments, a decrease to fixed income investments and significant increases to private markets and real assets. These investment categories will be comprised of the existing asset classes of private equity, private credit, core real estate, value added real estate, and real estate debt with the addition of opportunistic and infrastructure investments. The new allocation sets targets of 26% domestic equity, 16% international equity, 3% global equity, 20% fixed income, 18% real assets, and 17% private markets. These changes bring TCERA's investment profile in closer alignment with many of its peers and open up new avenues of investment return for the portfolio.

TCERA Trustee Election Update

Special Election – As noted in the June 2021 newsletter, a special election was held to fill the TCERA Trustee vacancy created when long-time Board member Roland Hill retired. Ty Inman received the majority of votes and was sworn in as a TCERA trustee in time to attend his first Board meeting on July 28, 2021. Mr. Inman has been appointed by the Board Chair to the Board's Administrative Committee in addition to his regular duties as the Seat 2 General Member Trustee.



Upcoming Elections – TCERA members in active status have received a Notice of Election with information regarding the elections scheduled for December 7, 2021. These elections are being held to determine the trustees for new 3-year terms beginning January 1, 2022 for the Seat 2 General Member Trustee, and the Seat 7 Safety Member Trustee and Alternate. Please note that if there is only one qualified candidate the election will be canceled and the qualified candidate will be certified as elected. If there are multiple candidates, **ballots will be mailed to employees' home addresses** on November 8, 2021. Information regarding the election is available on the Elections Website at www.tularecoelections.org or you can call the Registrar of Voters office at 559-624-7300. If you would like more information regarding the duties of a trustee, you can reach Leanne Malison, TCERA Retirement Administrator, via email at lmalison@tularecounty.ca.gov. Please take the time to review the candidates and vote in the important election.

TCERA Plan Benefits

Quite often in this newsletter we focus on a particular benefit or requirement of the TCERA pension plan. Those articles provide important details on a specific subject, but we are limited to only one or two topics in each newsletter. What if there are topics not covered that you have never heard about? How do you know what questions to ask? The list below of topics that are addressed in TCERA's Guide to Plan Benefits (otherwise known as the Plan Summary) that is available on TCERA's website may be of help.

- **TCERA Membership**
 - **Who is eligible for membership?**
 - **What is my Membership Type/Tier?**
- **Employee and Employer Contributions**
 - **How are Contributions Calculated?**
 - **Do I Receive an Annual Statement?**
- **Membership Status**
 - **What Does My Status Mean?**
- **Designating a Beneficiary**
 - **How Do I Designate a Beneficiary and Why is it Important?**
- **Changing Your Name**
 - **What Documentation is Required for a Name Change?**
- **Changing Your Address**
 - **How Do I Provide an Address Change?**
- **Reciprocal (Intersystem) Membership**
 - **What are the Eligibility Rules and Benefits of Reciprocity?**
- **Leaves of Absence**
 - **How Do Leaves of Absence Affect my Retirement?**
- **Divorce/Legal Separation**
 - **Is my Retirement Affected by Community Property Rules?**
 - **What Documentation is Required to Report a Divorce/Separation?**
- **Termination of Employment**
 - **What Happens to My Retirement Account? Do I have Options?**
- **Return to Work**
 - **What is My Status if I Return to Employment with a TCERA Employer?**
 - **What are the Requirements/Limitations of Returning to Work After Retirement?**
- **Service Purchases**
 - **What Types of Purchases Are Available to Increase My Service Credit?**
- **Retirement Benefits**
 - **What are the Eligibility Rules and Options for My Retirement?**
- **Disability Retirement Benefits**
 - **What are the Eligibility Rules and Options for a Disability Retirement?**
- **Cost of Living Benefits**
 - **How are Cost of Living Benefits Calculated and Applied to My Retirement Benefit?**
- **Death Benefits**
 - **What Death Benefits Are Available for Active Member and Retired Member Deaths?**



WOW! That's a lot of information! And it is all very important. If you have questions on any of these topics, you are encouraged to take a look at the Plan Summary for more details. If you still have questions, please contact the TCERA Office. Active members are also encouraged to sign up for one of TCERA's seminars. They are a great way to get a better understanding of your benefits and be prepared for retirement. The seminar dates can be found on the calendar available on TCERA's website.

Divorce and Your TCERA Account

One of the most common reasons for a delay in the TCERA retirement process or a distribution of benefits is the lack of communication and documentation regarding a divorce or legal separation. California is a community property state and your TCERA account is considered a community property asset. That means it is essential that you provide TCERA with information regarding a divorce in process. The best way to do that is by filing a “joinder” with the court. This legal document puts TCERA on notice and will ensure that community property assets are protected and acceptable documentation provided. If your divorce is already complete, you will need to provide a Domestic Relations Order (DRO) filed with the Court or a copy of the Final Judgment that includes instructions to TCERA on the division (if any) of the TCERA account. If the documents do not address the treatment of the TCERA community property asset, you may be required to go back to court. That will mean added time and expense to you. **Remember, TCERA will not be able to distribute any benefits to you until appropriate documentation is provided.**

It is important that you don't wait until retirement to discuss community property issues with TCERA. It will be much more difficult to obtain the required documents if you allow too much time to go by. If you have questions regarding divorce proceedings, please contact the retirement office. We're happy to help!



TCERA Office Update

As of the writing of this newsletter, the following restrictions are in effect at TCERA. Access is subject to change depending on pandemic conditions and revised guidelines.

Effective October 1, 2021, Brown Act requirements are restored in full. Live access via Zoom will no longer be available. 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. Space is limited and social distancing and cloth face coverings are required for unvaccinated visitors. Public comments can be sent to BORPublicComment@tcera.org any time before the meeting. Board of Retirement agendas and backup materials are posted on TCERA's website www.tcera.org prior to the meetings. TCERA is working on phone access, live stream technology, and on-line recordings that should be implemented soon. Board approved minutes from prior meetings are posted on the website. Please take advantage of these communications to stay informed regarding Board of Retirement activity.

TCERA's lobby is open to the public, but access is limited due to the COVID-19 pandemic. Members are encouraged to make appointments. Walk-ins are discouraged. All visitors in the lobby are requested to wear masks regardless of vaccination status. TCERA can assist you with all of your needs remotely so please call or email for information. 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!

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