

MCERA PENSION NOTES

INSIDE THIS ISSUE:

NEW TRUSTEES	1
2017 COLA	1
COMPREHENSIVE ANNUAL REPORT	1
GETTING READY FOR RETIREMENT	2
PAYING TAXES	2
INVESTMENT UPDATE	2

Merced County Employees' Retirement Association

3199 M Street
Merced, CA 95348
[209-726-2724](tel:209-726-2724) Phone
209-725-3637 Fax

mcera@co.merced.ca.us
Email

The next MCERA Brown Bag Lunch is
May 17, 2017
12:00 noon at the MCERA Office
3199 M Street, Merced
Be sure to RSVP.

NEW MCERA TRUSTEES

In January, Supervisor Jerry O'Banion was appointed to the Merced County Employees' Retirement Association (MCERA) Board of Trustees. In addition, in February Jason Goins and Sam Spangler were elected to fill the MCERA Safety and Alternate Safety seats on the MCERA Board.

Management of MCERA is provided by a nine-member Board and two alternate members. Members include the County Treasurer; four members appointed by the Board of Supervisors; two members elected by Miscellaneous members; one member elected by Safety members; and one member elected by retired members. Safety and retired members also elect an alternate. All Board members, except the County Treasurer, serve for a term of three years.

2017 COLA

Tier 1 retirees are eligible to receive a cost of living adjustment (COLA) annually. This adjustment is effective April each year and is first payable in April's *month-end* check.

At the MCERA Board of Retirement meeting on February 9, 2017, the board voted to adopt a 3.0% COLA increase for 2017. The annual increase is based on changes in the Consumer Price Index of the San Francisco-Oakland-San Jose area.

MCERA Board member responsibilities include determining investment strategy and selecting investment advisors; selecting outside actuaries; and reviewing and ruling on disability retirement claims and special cases. The Board's management functions are governed by the applicable provisions of the California Government Code, and the by-laws and policies of MCERA. Board member requirements include attending at least two MCERA Board meetings a month.

Please join MCERA in welcoming these three new Trustees who will be joining the Board of Trustees to face the challenges that are presented to the MCERA system and its members.

COMPREHENSIVE ANNUAL FINANCIAL REPORT

MCERA's formal annual financial report is the Comprehensive Annual Financial Report (CAFR). This document contains detailed information about MCERA's financial statements, investment performance, and actuarial assumptions, as well as data pertaining to the number and status of the system's members.

The June 30, 2016 CAFR can be found on the MCERA website.

GETTING READY FOR RETIREMENT

Have you started thinking about retirement? Is there anything you can do now to properly prepare yourself?

Get the answers to these questions, and more, by attending a Brown Bag meeting conducted by MCERA staff. Retirement planning is important and is intended for all members, but is specifically intended for employees within five years of retirement. Learn how to prepare for a better future. Learn what options you have for retirement benefits and what is available for your spouse.

The next meeting will be May 17, 2017 at noon. Be sure to call or email MCERA to reserve a space.

PAYING TAXES ON RETIREMENT BENEFITS

By now, most retirees will have filed 2016 income tax returns and would know if they have been under or over paying taxes. Retirees can update their tax withholding status with MCERA anytime during the year. In addition, there is flexibility offered by permitting additional tax amounts or even flat amounts to be withheld monthly. Please consult with a tax professional when making significant changes regarding tax withholding.

Tier 1 retirees should keep in mind that each year their income may be affected by cost of living adjustments.

INVESTMENT UPDATE

	3 Month	1 Year	3 Year	5 Year
Us Equity	8.2%	28.5%	11.1%	14.3%
International Equity	7.2%	17.6%	-1.1%	3.8%
US Fixed Income	1.6%	5.7%	3.0%	3.2%
Real Estate	1.2%	6.4%	8.0%	8.3%
Hedge Funds	2.7%	6.8%	-	-
Infrastructure	-1.4%	0.9%	-	-
Natural Resources	4.1%	43.4%	-	-
Private Equity	0.2%	4.0%	6.1%	5.5%
Cash	0.2%	0.7%	0.5%	0.5%
Fund Total	4.8%	14.9%	5.0%	7.3%

Thus far this year large cap equities have outperformed small cap equities, a short-term reversal from the trend in 2016, when small caps equities outperformed large by 9.3% over a one year period.

Value equities in February underperformed partially due to a higher concentration of energy companies in the Russell 1000 Value

relative to the Russell 100 Growth. The Russell 1000 Energy sub-index returned -2.3% in February. In Global markets the sovereign bond yields decreased in February with the U.K and Germany experienced the largest changes. While Greece's real GDP decreased 4.7% annualized, further complicating bailout discussions with the country's international creditors.

Retirement Board

Darlene Ingersoll,
Chair

Michael Rhodes,
Vice Chair

Alfonse Peterson,
Secretary

Karen Adams

Jason Goins

Ronald Kinchloe

David Ness

Jerry O'Banion

Ryan Paskin

Sam Spangler

Scott Johnston

MCERA Board Meetings

April 13

April 27

May 11

May 25

June 8

June 22

Meetings are held on the second and fourth Thursday of every month, with some exceptions.

Meetings begin at 8:15 am