

MCERA PENSION NOTES

NEW BOARD MEMBERS

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Ballot results for MCERA Retirement Board seats were finalized by the Merced County Registrar of Voters on November 30, 2017. The recent election was for three seats, which included one of the Board's Miscellaneous members, a Retired member and a Retired Alternate member. The newly elected MCERA Board of Retirement members are as follows:

1. Janey Cabral, Miscellaneous member
2. Sandy Teague, Retired member
3. Michael Rhodes, Retired alternate member

MCERA Board terms are for three years. These three members will be assuming office on January 1, 2018 with their respective terms ending December 31, 2020.

On November 27, 2017, the Registrar of Voters sent out notifications to all Miscellaneous (General) MCERA active members advising of another election for the MCERA Board's 2nd Miscellaneous member seat that was recently vacated in October 2017. Nomination papers for this election were due in December and Darlene Ingersoll was the only member to submit papers. Election rules allowed Ms. Ingersoll to immediately fill the vacancy.

The MCERA Board is comprised of nine members 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.

**Merced County
Employees' Retirement
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ANNUAL MEMBER STATEMENTS

Every January, MCERA sends out member statements to active and deferred members showing years of service, beneficiaries, and contribution information.

This is an opportunity for MCERA to ensure members are aware of their retirement tier information, beneficiaries of record, employee contributions, and years of service to date. Should you have any questions after reviewing your annual statement, please contact MCERA.

1099-RS FOR RETIREES

1099-Rs are sent out at the end of January for retirees and beneficiaries who received pension benefits during the year. MCERA pension benefits are considered taxable. However, some service-connected disability retirements can qualify as non-taxable.

It's important that MCERA has updated information so 1099-Rs are sent to the correct address. If you had a change in your mailing address or phone number, please contact the MCERA office to update your records.

Upcoming MCERA
Pre-Retirement Seminar
scheduled for
January 24, 2018
8:00 to 12:00
at the County
Administration Building
*See information page 2
for more information.*

DEFINED BENEFIT PENSION PLANS

MCERA is a “**defined benefit pension plan**” where a specified lifetime pension payment is promised upon retirement predetermined by a formula based on earnings, years of service, age, and tier. For example, a 67 year old Miscellaneous Tier 4 member who has worked at least 5 years, can retire with a retirement benefit that is equivalent to 2.5% times each year worked, times the member’s final average salary. More information regarding benefit formulas is available at www.co.merced.ca.us/2432/Benefit-Formula. Employees must have at least 5 years of service in order to be vested with the MCERA plan.

Conversely, for a “**defined contribution retirement savings plan**”, benefits are based on the employer and employee contributions and any returns made

on investing. Benefits are not assured for a lifetime and can stop when contributions and returns run out.

The difference between these two plans is important to understand when ending your employment. In some instances, it may be prudent to not withdraw retirement contributions and to leave them with MCERA to retire at a later date.

Occasionally, there are instances where a MCERA vested member withdraws contributions (thereby relinquishing their right to retire with lifelong benefits) to invest the funds in a 401K or other defined contribution plan that may not be lifelong. It would be beneficial to get advice from financial experts, other than those offering defined contribution plans over a defined benefit. Contact MCERA if you have any questions regarding withdrawing contributions.

RETIREMENT PLANNING

MCERA is hosting a retirement planning seminar on January 24, 2018, 8:00–12:00, in the Board Chambers of the County Administration Building. The seminar is being offered in association with the **Social Security Administration, County Risk Management, and Nationwide Financial Services**. Topics will include MCERA retirement benefits, saving for retirement with Nationwide, Social Security and Medicare Benefits, deferred compensation and post-employment health insurance options. The information provided will assist you in making better financial planning decisions as you plan for your retirement.

Information about this seminar was distributed on December 12, 2017.

INVESTMENTS

As of June 30, 2017 MCERA held assets of \$754 million and November 30, 2017 had assets of \$800 million, a 6% increase. This is mostly attributable to its holdings of international and domestic equities, which increase 9% and 4% respectively.

2018 TAXES

With the new year comes updates in income tax tables. Retirees may see slight differences in taxes being withheld from their pension benefits. Retirees have various options for having taxes withheld from their retirement payments. Besides relying on tax tables, members can have exact dollar amounts taken out for federal taxes or state taxes. State taxes that are withheld go to the State of California. California non-residents may not want to have state taxes withheld, as MCERA does not withhold taxes for states other than California.

Retirement Board

Darlene Ingersoll,
Chair

Ryan Paskin,
Vice Chair

Alfonse Peterson,
Secretary

Janey Cabral

Karen Adams

Jason Goins

David Ness

Jerry O’Banion

Michael Rhodes

Sam Spangler

Sandy Teague

MCERA Board Meetings

January 11
January 25
February 8
February 22
March 8
March 22

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