

MCERA PENSION NOTES

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Your Interest Rate Credit for FY ending June 30, 2013

Merced County Employees Retirement Association (MCERA) active member accounts earned 2% interest credited at the end of December 2012 and 3.67% interest credited at the end of June 2013 for a compounded annual total rate of 5.75%. The interest your MCERA account earns is tied to the performance of the MCERA investment fund, which was valued at \$540 million at the end of 2012 (the value as of the fiscal year end of June 30, 2013 was \$559 million). While the MCERA fund has posted a positive return of over 12% over the past fiscal year ending May 31, 2013, these gains, as well as recent losses from the 2008 and 2009 recession years are smoothed out over five years to minimize the impact of volatility on the fund. Because of this smoothing method, MCERA is still paying for the negative returns during the recession.

A Note About Account Balances

The main use of account balances is for payouts to members who terminate and withdraw their contributions. Of course, if a member withdraws contributions after terminating employment with an MCERA employer, pension benefits may be forfeited. However, if you retire and receive a lifetime retirement benefit, it will not be based on your account balance.

Your retirement benefit will be based on your years of service, your age at retirement, and your final average compensation. Your account balance will always be equal to your contributions plus the interest credited. Interest is credited twice a year—once on June 30, and again on December 31. In spite of market returns or what happens to the economy, your account balance will not decrease. The amount of interest credited to a member's account is determined by the Board of Retirement pursuant to the Interest Crediting Policy adopted by the Board and it will never be more interest than the annual amount the fund is expected to earn—known as the fund's "assumed earnings rate" (currently at 7.75%).

Additionally, keep in mind that you cannot borrow money from your account at any time. Further, you may not withdraw your employer's contributions under any circumstances. You will benefit from your employer's contribution only when you retire from MCERA.

Maria L. Arevalo
Plan Administrator

The job for which I
waited 50 years



RETIREMENT

Do you know how your retirement plan works?

Have you started thinking about retirement? Is there anything you can do now to get ready? Get the answers to these questions, and more, by attending one of the lunch time meetings conducted by MCERA staff. Retirement Planning is intended for all members, but is specifically intended for employees within five years of retirement. Learn how to prepare now for a better future. Learn what options you have for retirement benefits and what is available for your spouse.

The next lunch meeting will be August 7, 2013 at noon, call or email MCERA to reserve a space.



On the move?

Everyday, MCERA receives returned mail with incorrect addresses for our members. If you are an active member, please look at your most recent pay stub to verify that your home address is accurate. To correct your address, contact the Human Resources Department as soon as possible. If you are a retiree and plan on moving, please make sure to contact MCERA as soon as possible to keep us updated with a current address, phone number and email address so you can continue to receive important information.

FREQUENTLY ASKED QUESTIONS:

Is the date I choose to retire important?

Remember that your retirement is calculated on four factors: your membership type and tier, your age, length of service and your final average salary. For each quarter of a year increase in your age, up to age 60 for General members and up to 50 for Safety members, you receive an incremental age adjustment factor which slightly increases your benefit. For example, if you are age 59 and plan to retire this year, you may want to make sure that your effective date of retirement follows the date you would turn 59 or 59 ¼ or 59 ½, etc.

Another factor you will want to take into consideration is that the annual cost-of-living increase is effective on April 1st of each year. This will affect Tier 1 members only. As long as you retire on or before April 1st, you will be eligible to receive the cost-of-living increase given that year.



RETURNING TO WORK AFTER RETIREMENT

Most retired members are interested in remaining active and some are even returning to the workplace after they have retired. There are two different ways for MCERA members with a service retirement to return to work for an MCERA covered employer.

Temporary re-employment

For service retirees temporarily re-employed with an MCERA employer such as Merced County or any other participating plan sponsor, there is no effect on their MCERA retirement benefit payment. Temporary employment allows them to work in an hourly position requiring special skills or knowledge for up to 960 hours (equal to 120 eight-hour days) per fiscal year. (July 1 through June 30.) MCERA retirees may also receive compensation as a juror, voter registration election officer, judge, Board of Retirement member, independent contractor or elected official without affecting their retirement benefit.

Retirees must wait 180 calendar days following the last day of employment as a regular employee before they can return to work. Certain special circumstances apply to the 180 day waiting period; for example the employer can certify that the employment is necessary to fill a critically needed position, or the retiree is a public safety officer or firefighter. Temporary employment will not reinstate a retiree as an active member; therefore, that retired member's MCERA benefit will not be suspended and they will continue to receive their allowance. Members who retire prior to reaching normal retirement age must also comply with MCERA's Normal Retirement Age Policy of a 60 day break in service and no pre-determined agreement to return to work.

Regular re-employment

In order for a service retired member to return to work in a

regular position with an MCERA plan sponsor and be reinstated to active membership, they must notify the Board of Retirement. When the member is re-employed, their retirement allowance will be suspended while they work in that position and they will become an active member of MCERA for that second period of employment. Upon separation from the second period of employment, a retirement benefit will be paid to the employee based on the years of service and benefit formula that was accrued.

Disabled members

There are a number of restrictions that apply to MCERA members who have retired with a disability. Please contact MCERA for information regarding a return to work.

For more information on returning to work with an MCERA employer, contact MCERA.

Retiree Pay Dates

The retiree payroll dates for 2013 are:

July 31, 2013

August 30, 2013

September 30, 2013

October 31, 2013

November 29, 2013

December 31, 2013

Brown Bag Meetings

Next Brown bag meeting will be held on August 7, 2013

Location:
MCERA
3199 M St
Merced CA 95348

To reserve a seat:
Mcera@co.merced.ca.us
Or 209-725-3636

INVESTMENT REPORT FOR QUARTER ENDING MARCH 31, 2013

U.S. equities rose sharply in the first quarter of 2013 on improving U.S. economic data, better than expected corporate earnings, and assurances of continued stimulus by the Federal Reserve. The S&P 500 index finished the First quarter 10.6% compared to -0.4% in the fourth quarter. The rise of U.S. equities brought MCERA's domestic equity fiscal year to date return to 19.2% compared to the funds benchmark of 18.3% and ranked in the 49th percentile vs. the benchmark ranking of 57th percentile.

The developed international equity markets posted gains helped by the Central Bank efforts to support economic growth, while emerging mar-

kets struggled on weak commodity prices and mixed economic data. Overall the MSCI EAFE index returned 5.2% for the quarter and 11.8% for the year. Emerging markets were negative 1.6% for the quarter and up 2.0% for the year.

MCERA's total portfolio returned 4.9% during first quarter of 2013. This return underperformed the benchmark return of 5.2% and ranked in the 35th percentile.

Over the past year, MCERA's fund returned 9.7%, underperformed the 10.8% return for the benchmark and ranked in the 56th percentile. Total assets on March 31, 2013 were \$565 million, which represents an increase of \$30 million from the December, 2012 total assets of

\$540 million.

Below you will find MCERA's cumulative performance results versus the benchmark as of March 31, 2013.



CUMULATIVE PERFORMANCE RESULTS PERIOD ENDING MARCH 31, 2013

	Last Quarter	1 Year	3 Year	5 Year	7 Year	10 Year	Since Inception
TOTAL FUND	4.9%	9.7%	9.4%	4.1%	4.3%	7.3%	8.3%
FUND BENCHMARK	5.2%	10.8%	9.9%	5.0%	5.0%	7.5%	5.4%

MCERA WELCOMES NEW TRUSTEE TO THE RETIREMENT BOARD

On April 9, 2013, the Elections Department conducted an election for the MCERA Board of Trustees. **Darlene Ingersoll** was elected as the new miscellaneous member of the Board.

Darlene will complete the remaining term of Karen Rodriguez who retired last year. That term ended June 30, 2013, Darlene will then serve a three year term ending

June 30, 2016.

Darlene is employed as a staff analyst with the Human Resources department. Prior to coming to Merced, Darlene worked as a pension plan administrator in the private business sector.

Welcome to the Board!



Darlene Ingersoll

The Board of Retirement

Karen Adams

Darlene Ingersoll

Mark Bodley

Deidre Kelsey

Jim Pacheco

Mary McWatters,
Alternate

David Ness, Chair

Alfonse Peterson

Michael Rhodes

Ronald Kinchloe

Scott Johnston,
Alternate

Retirement Board Meeting

The Retirement Board Meetings for 2013 are:

July 11, 2013

July 25, 2013

August 8, 2013

August 22, 2013

September 12, 2013

September 26, 2013

October 10, 2013

October 24, 2013

November 21, 2013

December 12, 2013