

MCERA PENSION NOTES

INSIDE THIS ISSUE:

<i>AB 197 Postponed</i>	1
<i>Frequently Asked Questions</i>	2
<i>Retiree's Corner</i>	2
<i>Investment Report</i>	3
<i>Trustee Retires</i>	3

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COURT POSTPONES IMPLEMENTATION OF AB 197 LEGISLATION FOR MCERA MEMBERS

On September 12, 2012, the Governor signed AB 340 and AB 197, new laws passed by the California legislature which changed the way pension benefits may be calculated. MCERA notified its current members that, pursuant to AB 197, pensions calculated after January 1, 2013 would no longer include terminal pay and certain other items of compensation in the calculation of pension benefits. Specifically, MCERA notified its members that the 160 hours of vacation pay-outs as specified by the Merced Ventura Settlement Agreement would now be excluded. MCERA decided, in consultation with legal counsel, that compliance with AB 197 compelled this decision. While MCERA recognized that AB 197 raised potential constitutional issues, MCERA has no power to declare a statute unconstitutional. It therefore had to implement AB 197 as written, unless and until a court ordered otherwise.

On December 7, 2012, the American Federation of

State County and Municipal Employees (AFSCME), Merced County Sheriff's Employees' Association (MCSEA) and two MCERA members filed a lawsuit against MCERA and the Board of Retirement to stop MCERA and the Board from implementing AB 197, on constitutional grounds. With MCERA's agreement, the Merced Superior Court issued a preliminary injunction ordering MCERA not to implement AB 197, and to continue calculating pensions as before. This means MCERA will continue to include terminal pay into the calculation of a pension benefit beyond January 1, 2013 except for new members who first become members of MCERA on or after January 1, 2013. The court order is in effect until 60 days after the Court makes a final decision of how or whether to implement AB 197.

This is a significant change from what MCERA reported in an earlier newsletter, which was re-

leased before the litigation was filed.

Please note that this Court action does not affect implementation of AB 340 provisions. AB 340 applies to new members of MCERA who join MCERA for the first time on or after January 1, 2013. The Court order also does not affect new restrictions on reemployment of MCERA retirees. The Court order only affects the treatment of MCERA's current (active and deferred) members.

We will continue to update members on this lawsuit as it progresses.

Maria L. Arevalo
Plan Administrator

FREQUENTLY ASKED QUESTIONS ANNUAL STATEMENTS

Q. When do I receive my annual retirement statement?

A. MCERA mails out annual statements in early January, so if you have not received your statement by the end of January 2013 contact the office at 209 725 3636. These statements are mailed out to the address listed in payroll. The annual statement provides you with member type, safety or miscellaneous, date of birth, tier, and beneficiary (ies) on file. The account information section details the contribution balance as of December 31, including total interest on account and total contributions on deposit. Lastly, the annual statement provides members with retirement service credit. If you have any questions or need to report discrepancies contact MCERA.

Q. My annual statement has the wrong beneficiary (ies) on file?

A. It is important for both retirees and active employees to have a current beneficiary on

file at all times. Should something happen, MCERA may need to contact and distribute appropriate paperwork in order to distribute any remaining benefit or continuance to beneficiary (ies). As a retiree, should the beneficiary predecease the member, a new beneficiary must be named in order to receive any death benefits. To update a beneficiary, contact MCERA to have a form mailed to you or all change forms may be downloaded from our website at www.mcera.merced.com under forms & information link

Q. Why does MCERA require a copy of my divorce decree in order to update my beneficiary?

A. MCERA's policy requires that before a beneficiary change is completed, especially when a spouse is being removed, a copy of the member's divorce decree is requested in order to complete any change. If not submitted, it will be a requirement at retirement. The State of California is a community prop-

erty state and MCERA must make due diligence attempts to verify whether a non member spouse was awarded a "community property percentage" of a member's retirement benefit. Requiring the divorce decree at the time of a beneficiary change involving a spouse, eliminates the need to obtain a copy of the divorce decree at the time of your retirement.

Q. Can I borrow from my MCERA retirement contributions?

A. No, federal law prohibits MCERA members from withdrawing their retirement contributions while they are in active service.



Retiree Pay Dates

The retiree payroll dates for 2013 are:

January 31, 2013

February 28, 2013

March 29, 2013

April 30, 2013

May 31, 2013

June 28, 2013

July 31, 2013

August 30, 2013

September 30, 2013

October 31, 2013

November 29, 2013

December 31, 2013

RETIREE'S CORNER

Life happens, changes happen and sometimes so quickly, that in the chaos of these changes, you may overlook notifying our office of these important events. When you change your name, address, or phone number, please make sure to notify MCERA so we don't lose track of you. Other significant changes include a divorce, a new marriage, a bank account change, tax changes or the death of a beneficiary.

For any of these life event changes, the corresponding forms will need to be

completed and submitted to MCERA. Please keep in mind that if a beneficiary predeceases you, a copy of their death certificate, along with a survivor form, will need to be submitted (please note, new survivor will not receive a continuance).

If you wish to change your current federal and state tax withholdings you can either contact our office or simply download the form directly from our website and submit

it to our office. Although MCERA cannot provide you with any tax advice we will be more than happy to assist you with filling out the form.

If you were wondering about a Cost of Living adjustment, sit tight, information about that will be published in our next issue in April.



Brown Bag Meetings

Next Brown bag meeting will be held on February 20, 2013

Location:
MCERA
3199 M St
Merced CA 95348

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

INVESTMENT REPORT



The equity market rallied

strongly during the third quarter of 2012. The S&P 500 Index rose more than 6% driven by additional stimulus by the Federal Reserve. The U.S. economy also continued its moderate growth with the help of improvement in the housing and manufacturing sectors. The International market also made substantial gains

after the European Central Bank announced plans to buy unlimited amounts of bonds issued by struggling euro-zone nations. Developed and emerging markets also generated great returns on news of China introducing new possible stimulus measures. The MSCI EAFE Index returned 6.9% during the quarter, while emerging markets were up 7.7%

MCERA's total portfolio returned 4.8% during the third quarter. This return outperformed the benchmark return of 4.7% and ranked in

the 34th percentile. Over the past year MCERA's fund returned 16.0%, underperforming the 17.5% return for the benchmark and ranked in the 52nd percentile. Total assets on September 30, 2012 were \$524 million, which represents an increase of \$22 million from the June 30, 2012 total asset of \$502 million.

Below you will find MCERA's cumulative performance results versus the benchmark as of September 30, 2012.

CUMULATIVE PERFORMANCE RESULTS PERIOD ENDING SEPTEMBER 30, 2012

	Last Quarter	1 Year	3 Year	5 Year	7 Year	10 Year	Since Inception
TOTAL FUND	4.8%	16.0%	9.1%	1.0%	4.1%	6.8%	8.0%
FUND BENCH-MARK	4.7%	17.5%	9.5%	2.1%	4.7%	7.0%	5.1%

MCERA TRUSTEE KAREN RODRIGUEZ RETIRES

Happy New Year to all our current members and recent retirees. In December 2012, MCERA processed approximately 35 retirement applications. One of those retiring was Karen Rodriguez, one of MCERA's most experienced Board of Retirement members. Karen served on the Retirement Board since 2001. In her

most recent position with Merced County, Karen served as the Assistant Director of Child Support services. We thank her for her long service to MCERA and wish her a happy retirement. There will be an



election to replace Karen on the Board. Call the MCERA office for information if you are interested in running for a seat on the Retirement Board.

The Board of Retirement

Karen Adams

Mark Bodley

Deidre Kelsey

Jim Paccoco

Mary McWatters,
Alternate

David Ness, Chair

Alfonse Peterson

Michael Rhodes

Ron Kinchloe

Scott Johnston,
Alternate

Retirement Board Meeting

The Retirement Board Meetings for 2013 are:

January 10

January 24

February 14

February 28

March 14