

# MCERA PENSION NOTES

## UPDATE ON AB 197 LITIGATION

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### Merced County Employees' Retirement Association

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 Email

[www.mcera.merced.ca.us](http://www.mcera.merced.ca.us)  
 Website

The next MCERA Brown Bag Lunch is November 18, 2015 12:00 noon at the MCERA Office 3199 M Street, Merced Be sure to RSVP.

The MCERA Office has received a number of inquiries regarding the status of the court ruling involving the use of vacation payout (Ventura hours - the vacation payout allowed during year of retirement) for calculating "compensation earnable" for retirement pension purposes.

There is still no final ruling on this issue. As a result of the legislatively enacted Public Employees Pension Reform Act ("PEPRA") and the fact that litigation addressing that issue is presently on appeal, MCERA members are not permitted to have cashed out vacation hours (terminal pay) counted as pensionable compensation for retirement purposes.

It is possible that the Court of Appeals

may ultimately affirm the trial court's decision that allowed certain MCERA members to have cashed out vacation hours counted as pensionable compensation for retirement purposes. If such is the case, then some MCERA members may prospectively, and possibly retroactively, be able to have cashed out hours counted or recounted as part of pensionable compensation for retirement purposes. However, it's also possible that the trial court's decision will be reversed/overturned and any terminal pay cash out will not be counted as pensionable compensation.

Information will be provided when more information is available regarding the court decision.

## LIFE AFTER RETIREMENT

When retiring from the MCERA, you are awarded a lifetime benefit that is paid monthly. Throughout your life, you will need to stay in touch and inform MCERA of any life events that might impact your benefit and how you receive it. Here are just a few:

- Address changes
- New or additional phone numbers
- When a retiree or beneficiary dies

For address/phone number changes, you may submit the address change form found on our MCERA website at [www.mcera.merced.ca.us](http://www.mcera.merced.ca.us) under tab Resource Center/Forms. If a retiree or beneficiary dies, please contact the MCERA office immediately.

## INVESTMENTS

Investment results in the second quarter of 2015 had three and five-year returns of 11.0% and 10.9% for longer term investments and ranked above the median among its peer public plans (10.3% and 10.6%, respectively). MCERA continues to diversify the Plan's capital into asset classes that should provide less correlation to the broad equity markets and, in so doing, reduce overall volatility to the Fund.



## CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE

In August 2015, MCERA was notified by the Government Finance Officers Association that the MCERA Comprehensive Annual Financial Report for the fiscal year ending June 30, 2014 qualified for a Certificate of Achievement for Excellence in Financial Reporting.

This Certificate is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management. This is the eleventh year in a row that MCERA has earned this award and MCERA looks forward to continuing to maintain high standards in its reporting while serving its members.

## RETIREE OPEN ENROLLMENT

October is open enrollment for retiree health/vision benefits:

- October 13-30, for health benefits
- October 1-30 for vision benefits

This is an opportunity to add coverage without a qualifying event. Contact Wendy Alvares at 209-385-7356 for health benefit plan information and 800-400-4569 for vision benefit plan information.

## MCERA CHANGES

MCERA has recently changed its phone number to 209-726-2724. Our 209-725-3637 fax number remains the same. Also, please visit our website at [www.mcera.merced.ca.us](http://www.mcera.merced.ca.us), as the website has been reorganized.

### Retirement Board

Darlene Ingersoll,  
Chair

Michael Rhodes,  
Vice Chair

Alfonse Peterson,  
Secretary

Karen Adams

Deidre Kelsey

Ronald Kinchloe

David Ness

Jim Pacheco

Ryan Paskin

Scott Johnston

## RETIREMENT FAQs

Service credit measures the amount of time you have participated in MCERA and is used to determine pension benefits. In most cases, the more service credit you have, the higher the benefit. Here are frequently asked questions/answers regarding purchasing service credit.

**Q. I was off payroll due to workers comp, medical leave of absence, SDI or 4850 (Safety), may I elect to purchase this time to add service for retirement?**

**A.** Yes, any full-time or variable shift full-time member may purchase medical time off, as well any extra-help hours or any previous employment in which contributions were withdrawn.

**Q. If I decide to purchase time what are my options for payment?**

**A.** Upon receiving your estimate to purchase time from MCERA, three alternatives for payment are provided: a lump sum, a biweekly deduction in addition to member's normal deduction, or a trustee-to-trustee

transfer from a qualifying IRA.

**Q. How long do I have to pay if I decide to purchase my time off or extra-help hours?**

**A.** A member is given the same amount of time they are purchasing in order to purchase such time. Example: A member provided with an estimate to purchase 480 hours is allowed to pay over six pay periods if the biweekly deduction option is selected.

**Q. May I borrow from my MCERA retirement contributions?**

**A.** Federal law prohibits MCERA members from withdrawing their retirement contributions while they are in active service.

If you should be interested in purchasing time-off or extra-help hours, submit a "Request to Purchase" form to the MCERA office. The form can be accessed at [www.mcera.merced.ca.us](http://www.mcera.merced.ca.us) under the Resource Center tab, then Forms.

### MCERA Board Meetings

October 8  
October 22  
November 12  
December 3  
December 17

Tentatively, meetings are held on the second and fourth Thursday of every month.

Meetings begin at 8:15 am