

Retirement BoardDarlene Ingersoll,
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Vice ChairAlfonse Peterson,
Secretary

Janey Cabral

Karen Adams

Jason Goins

David Ness

Michael Rhodes

Sam Spangler

**MCERA Board
Meetings**

January 10

January 24

February 14

February 28

March 14

March 28

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

**WILL A DIVORCE AFFECT YOUR
RETIREMENT?**

If you are a member of MCERA while you are married or have a state registered domestic partnership, your retirement account may be considered community property, and your ex-spouse/partner may be entitled to an interest in a community property portion of your retirement. It is essential that you notify MCERA immediately when a marriage dissolution is filed.

Please provide MCERA with the entire copy of the Dissolution Judgment and Settlement Agreement. If MCERA is not properly notified, you could face long delays in the payment of your retirement benefits, including contribution refunds upon termination of employment.

If you're already retired, this paperwork is necessary to determine whether a named beneficiary is eligible to receive a continuance upon your death and/or if your ex-spouse/partner is to receive a portion of your benefit.

In all cases where a portion of your retirement has been awarded to your ex-spouse/partner, a Joinder must be filed. A Joinder is a legal document that joins MCERA as a party to the dissolution proceedings. A Domestic Relations Order (DRO) is also needed. A DRO explains in detail many issues, including who is entitled to a benefit, and when they are entitled to receive it. However, if your divorce was filed in another state and your former spouse was awarded any interest, then you should contact a qualified family law expert to assist you in the filing of a Joinder in a California court.

MCERA can provide a domestic relations order model for active and deferred members upon request as well as a model specifically for retired members. MCERA provides ***Dissolution of Marriage Guidelines*** are also available for both model DROs. Please contact MCERA to request the guidelines or a copy of a domestic relations order model.

The disposition of retirement benefits in domestic relations proceedings involves complex marital and tax issues. MCERA recommends that you seek competent legal counsel regarding this process. MCERA, its employees, agents and consultants are not authorized to provide legal advice. Should you have any questions or are starting a marriage dissolution process, feel free to contact MCERA staff.

Finally, regardless of your MCERA membership status, please contact MCERA to complete a beneficiary change form to ensure that your wishes regarding your beneficiary are on file.

**DECEMBER
STATEMENTS**

Retirees and beneficiary recipients, don't forget to keep your Monthly Earnings Statement from your December 31, 2018 benefit payment. This form will list some Year-To-Date information that will NOT be provided on the 1099-R mailed to you in late January. Specifically, it will give you the 2018 totals for your out-of-pocket cost of health, dental, and vision care. If you are itemizing your tax returns, you may need to list this information.

ANNUAL MEMBER STATEMENTS

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

This is beneficial in that MCERA can provide members with updated information as to their retirement tier information, beneficiaries on record, employee contributions to date and years of service to date. Should you have any questions after reviewing your annual statement, please contact MCERA.

1099Rs FOR RETIREES

1099Rs are sent out at the end of January for retirees and beneficiaries who received pension benefits during the 2018 year. While MCERA pension benefits are considered taxable, some service connected disability retirements can qualify as nontaxable.

It's important that MCERA has updated information so that 1099Rs 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 as soon as possible. 2018 1099Rs were mailed out the last week of January.

If you have a change in beneficiaries, ensure you contact MCERA to make the change. If you have any questions please feel free to call or email MCERA. We are happy to assist.

RETIREE LIFE INSURANCE CHANGES

Merced County Risk Management recently announced that Merced County has selected a new life insurance carrier. Effective January 1, 2019, MetLife replaced Standard Insurance Company (Standard) as the new carrier for the following retiree life insurance plans:

Management Life Insurance
(Levels A-E)
(Paid by Employer for Retired Management Employees)

Supplemental/Optional Life Insurance
(Paid by Retired Member)
\$1,000
\$2,000

Standard Insurance Company policies transferred to MetLife on January 1, 2019 automatically. No action is required from you. MetLife was established in 1868 and is one of the largest life insurers in the United States. For more information please see this Risk Management [link](#).

2019 TAXES

With the new year comes updates in federal and state 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 want to not have state taxes withheld so if you move outside of California, you may want to consult with a tax professional regarding state withholdings.

INSURANCE ISSUES?

Some health care rates have changed effective January 1, 2019. Retirees, if you have questions about your health, dental, or life insurance plan please call Merced County Risk Management if you are a County retiree and Superior Court Human Resources if you are a Court retiree. These departments are responsible for the administration of active and retiree health care programs.

DEFINED BENEFITS

MCERA's retirement plan is a "defined benefit" plan. Benefit amounts are defined by a formula. It does not depend on how much money accumulates in your account, as it would under a "defined contribution" plan such as a 401(k) or 457 plan. Under this defined benefit formula, benefit amounts are based on the following:

- Age at retirement
- Final average salary
- Years of service credit
- Membership tier
- Plan membership (General or Safety)
- Retirement option selected.

DEPARTMENT PRESENTATIONS

MCERA staff is available to conduct presentations for individual departments or have a staff member stationed at a department for a half day so that departments can get more information regarding MCERA pensions and have specific questions answered. If you are interested, let your supervisor or manager know so that they may contact MCERA to set up a time that works for everyone.

PURCHASING SERVICE

Service credit is the measure of time you earn as a member of MCERA and is one of the factors used to determine the amount of your retirement benefit. Should you need to purchase service credit for a past contribution that you withdrew or should you need to purchase service for a qualifying leave of absence, complete an MCERA Purchase of Service form that can be found at the following [link](#) and submit the completed form to MCERA. Once MCERA staff receives the form and is able to verify the amount of service/contributions involved, the cost of the purchase will be provided showing the amounts and payment options available.

Active employees may make payments through bi-weekly payroll deductions and/or a lump-sum payment. Alternatively, you may pay part of the cost in a lump-sum at the start, and then pay the remainder through payroll deductions. You may also purchase or redeposit funds by means of a trustee-to-trustee transfer.

If you choose to make a lump-sum payment of the amount due, payment can be by personal check, money order, or certified check. MCERA does not accept cash payments.

If you choose payroll deductions to pay for your retirement service, deductions will be made bi-weekly from your payroll check.

Trustee-to-Trustee transfers are used to pay for your retirement purchase using a fund transfer from another qualified retirement plan, a traditional IRA or an eligible deferred compensation plan. Many members use their Nationwide deferred comp account for trustee-to-trustee transfers.

Contact MCERA for more details about purchasing service or about the process.

2018 MCERA CAFR

MCERA just completed its 2018 Comprehensive Annual Financial Report (CAFR). A copy of the report can be found at the following [link](#).

Although a CAFR is not necessarily required for all state and local agencies, it represents a best practice in government finance. The MCERA CAFR provides financial statements for the Retirement Association confirming that it complies with the accounting requirements established by the Governmental Accounting Standards Board (GASB). As part of developing the CAFR, it must be audited by an independent auditor using generally accepted government auditing standards.

MCERA's CAFR provides vital financial information about the system, its various consultants, the Association's investments, an actuarial section and a statistical section.

MCERA's Fiscal Manager, Mark Harman, and Accountant Adriana Valdez, were instrumental in ensuring that this year's CAFR was completed in a timely manner this year.

NEW PAYMENT POLICY

As mentioned in the previous article about purchasing service, members have a number of options when purchasing service. Members can pay for service via payroll deductions, trustee-to-trustee transfers, or come in and pay a lump-sum amount to MCERA.

MCERA can no longer accept cash payments to any lump-sum payment of service or contributions. Lump-sum payments may be made by personal check, money order, or certified check.

VESTING

Members are vested in MCERA when they have attained five years (10,400 hours) of retirement service credit with any qualifying agency. Vesting entitles you to receive a pension from MCERA once you have fulfilled all eligibility requirements. Retirement service credit is adjusted proportionately for a member working in a position requiring less than 80 hours in a bi-weekly period. For example, an employee in a permanent variable shift position working 40 hours in a bi-weekly period would earn retirement service credit at 50 percent ($40 \div 80 = 50\%$). Such an employee would need to work for ten years to have five years of retirement service credit and be considered vested in MCERA. Extra help employees do not participate in the MCERA benefit plan but do with PARS (Public Agency Retirement Services).

When vested members withdraw contributions, they relinquish their right to retire with a lifelong benefit. When a member plans to withdraw MCERA contributions, it would be in the member's best interest to get advice from a financial expert other than one offering a defined contribution plans over a defined benefit. Contact MCERA if you have any questions regarding withdrawing contributions and waiving your right to a retirement.

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