



Roberto L. Peña
Retirement Administrator

Safety Refund
FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
BOARD OF RETIREMENT
Steven J. Jolly, Chair
Michael Cardenas, Vice Chair
Alan Cade, Jr.
Nick Cornacchia
Vicki Crow
Eulalio Gomez
Phil Larson
Stephanie Savrnoch
John P. Souza
Ronald S. Frye, Alternate

August 20, 2007

[REDACTED]
[REDACTED]
[REDACTED]

Dear [REDACTED],

At its December 6, 2006 meeting, the Board of Retirement determined that beginning July 1, 2003, member contributions to FCERA had improperly included certain costs that should have been charged only to the employer plan sponsors of FCERA. In particular, the Board determined that members should not have been charged for any portion of the unfunded actuarial accrued liability (UAAL) related to the Cost of Living Adjustment (COLA) benefit. This is referred to as the "COLA UAAL Overpayment."

The Board also has determined that prior actuarial calculations (unrelated to the COLA UAAL Overpayment) with respect to Safety member rates resulted in additional overpayments by Safety members. This is referred to as the "Safety Member Overpayment."

You may remember that your contribution rate was reduced in March 2007 to eliminate the COLA UAAL component and to correct for the Safety Member Overpayments.

The Board of Retirement further determined that it was necessary to refund the total excess COLA UAAL and Safety Member Overpayments paid by members between July 1, 2003 and February 2007. This is collectively referred to as "Overpayments."

FCERA has determined that your Overpayments made between July 1, 2003 and February 2007 totaled \$567.54. This amount includes interest at FCERA's assumed rate of return, which is currently 8.16% per annum. Interest was credited to the Overpayments through October 15, 2007, which is the anticipated date that you will receive your refund check.

Please note these important income tax provisions applicable to your refund of your Overpayments. The Overpayments are considered "excess contributions" and the refund of such Overpayments will be taxable income to you for 2007. FCERA will withhold federal and state income taxes from your refund of the Overpayment as required by applicable law. Please see the enclosed "FCERA Notice of Tax Withholding For Refund of Excess Contributions" (Withholding Notice) for more information concerning tax withholding.

August 20, 2007

[REDACTED]

Page 2

Your refund of the Overpayment, including interest, is not a qualified plan distribution and is **not** eligible for tax-free rollover into an IRA or other tax qualified retirement plan or eligible for any other favorable federal income tax treatment available to qualified distributions from retirement plans.

Please note that FCERA cannot provide tax advice to you. The information in this letter and the enclosed Withholding Notice pertains only to (a) your initial withholding options, and (b) how FCERA will report the payment to the Internal Revenue Service (IRS) and state taxing authorities. It is your responsibility to determine how the payment will impact your state and federal tax liability.

Thank you for your patience and understanding throughout this process. Please note that FCERA has hired a new actuary and is taking further steps to prevent these types of discrepancies going forward. If you want to learn more about these corrections generally, or your individual refund calculation specifically, you may contact our office at 559-457-0681.

Sincerely,



Roberto L. Peña
Retirement Administrator

Enclosure