



Roberto L. Peña
Retirement Administrator

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
BOARD OF RETIREMENT
A. Papaleo, Chairman
John Souza, Secretary
Tom Abshire, Jr.
Juan Arambula
Michael Cardenas
Bill Casarez
Janet Coleman
Vicki Crow
Michael Thobe
Jerry Swan, Alternate

Q&A

A Briefing from Fresno County Employees' Retirement Association (FCERA) Regarding Final Compensation Calculations - #1

FCERA members have been asking questions as we begin to review the method that has been used to calculate final compensation for employees for the purposes of determining retirement benefits. While it has only recently come to our attention that there may be problems with those calculations, we have made it our highest priority to conduct a review and find answers, and to identify solutions that will protect our members, employers and the integrity of the fund. In the meantime, we know very little in the way of reliable answers at this early stage. But we will attempt to respond to the most frequently asked questions. Updated information will be issued throughout this process as it is available.

Q: Just what is the problem with the way our retirement benefits have been calculated?

A: At this point, we are trying to determine if, in fact, there is a problem. What has come to our attention is that occasional high pay periods may have been included in the assessment of an employee's highest earning year, regardless of whether those pay periods were consecutive. Prior to the Ventura decision of 1997, when the Court ordered that certain additional types of compensation be included in the retirement calculation, this generally would not have been an issue. Since that time, it has become an issue because some of those additional payment categories may occur only occasionally in an employee's work history, yet may have been included in the calculation. But at this point, we simply are not sure if there has been a miscalculation.

Q: If there was a mistake, were retirees overpaid, or underpaid?

A: Again, while we are still trying to determine if there is a problem, the calculation would have likely resulted in artificially high final compensation figures and thus, higher than appropriate retirement benefits. This higher calculation may have included pay periods from different years, rather than the highest consecutive 26 pay periods. We do not believe at this point anyone would have been underpaid, but we are reviewing the situation for any possible problems, including underpayment.

Q: Have you changed anything about the process of calculating retirement benefits as a result of this inquiry?

A: No, at this point, we will make no changes until we are certain of what precisely has happened, if anything, and what options we have to meet our legal obligations, and to protect our members, Fresno County and Special District employers, and the integrity of the fund.

Q: Should I retire now to get the benefit of the situation before you change it?

A: Retirement is one of the most serious decisions you will ever make and probably should not be entered into suddenly. Only you can decide if you wish to do so at this time. We would strongly advise you to weigh all the same factors you would if this issue had not arisen. Also, as stated above, we do not know yet if there will be any change.

Q: How long might this have been going on?

A: Without the completed review, we just cannot answer that question and it would be inappropriate to speculate at this point.

Q: When do you expect to complete your review and recommend action? When would it be effective?

A: We must have reliable information before setting any timeline. Retirement staff and our consultants are working as quickly as possible to assess the situation and research options, if in fact, there is a problem. We can promise that no change will occur before we hold public hearings that provide time for your input and questions. We encourage you to attend a public discussion of this issue at the Retirement Board's February 21st meeting, 9:30 AM to 12:00 Noon, Fresno Unified School District Board Chambers at the Fresno Unified School District Building, M and Tulare Streets. **This meeting is for discussion only. There will be no action taken at this meeting.**

Q: Could past benefits be affected? Could future benefits be affected?

A: We realize how concerned employees and retirees are about this issue. But unfortunately, we simply can not answer these questions until we have thoroughly reviewed the situation.

Q: When will we know more?

A: Just as soon as we have reliable information that we can share, we will issue further communications to you. We anticipate providing information in other ways, too, possibly including the intra-county mail system.

Public discussion and hearing, Friday, February 21, 2003 at 9:30 AM to 12:00 Noon, Fresno Unified School District Building, M and Tulare streets, Second Floor Board Chambers.
--