
From: Avalos, Elizabeth
Sent: Tuesday, August 21, 2007 7:42 AM
To: AllCounty
Cc: Pena, Roberto
Subject: Board of Retirement Status Update

Dear Member,

This is a status report of the Board's review and adjustments of employee contributions rates from July 2003 through February 2007.

Safety (Tier 1 and Tier 2) and General Tier 2 Members - Safety and General Tier 2 members will receive a refund of a portion of the contributions they made between July 2003 and February 2007. The amount of the individual refunds will vary substantially, depending upon the amount of each member's contributions during that time period and the actual pay periods that each member made contributions. FCERA expects to mail individual refund notices and tax withholding forms during the week of August 20, 2007 and to issue refund checks between September 17th and early October. These refunds will include interest paid through October 15, 2007, at 8.16% per annum.

General Tier 1 Members – Some General Tier 1 Members will receive a refund of a portion of the contributions they made between July 2003 and February 2007. Most General Tier 1 members, however, will *not* receive a refund, because the Board has determined that most General Tier 1 members actually paid less than the total amount that should have been properly charged to them, after making all appropriate adjustments. For those General Tier 1 members who will receive a refund, the amount of the individual refunds will vary substantially, depending upon the amount of each member's contributions during that time period and the actual pay periods that each member made contributions. FCERA expects to mail individual notices to all General Tier I members during the week of August 27th, 2007. The letters will either include the gross amount of the refund due, if applicable, or an explanation that no refund is due as a result of a net underpayment of employee retirement contributions during the period July 2003 through February 2007.

For those General Tier I members who are eligible for a refund, the letter will include a tax withholding form which must be returned by the date indicated on the notice if you do not wish to have income taxes withheld. The refund checks will be issued between October 1st and October 15th and will include interest paid through October 15, 2007, at 8.16% per annum. For those General Tier 1 members whose individual calculations resulted in a net underpayment, the Board decided *not* to recoup those underpayments on an individual basis. Instead, the Board will recoup the total amount of those underpayments through appropriate increases to General Tier 1 employee contribution rates in the next fiscal year (July 1, 2008 to June 30, 2009). Please note that the impact of the contribution increase for the net underpayments in next fiscal year is estimated at one half of 1% of base salary.

If you are a Safety or General Tier 2 member, but made contributions as a General Tier 1 member during any time between July 2003 and February 2007, it is possible that you will not receive a refund, and if you are owed a refund, the anticipated time line for the mailing of notices and refunds to General Tier 1 members will apply.

This notice is meant to provide you with a brief summary explanation of what to expect in the next couple of months. We will soon post on FCERA's website (www.FCERA.org) on the internet or under Department – Retirement Administration on the County's homepage, a more thorough description of these issues and the Board's actions, which we hope will answer any questions you may have.

If you have any questions, please contact our office at 559-457-0681.

Sincerely,
Roberto L. Peña
Retirement Administrator

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