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The Retirement View

VOLUME 7, ISSUE 3

WINTER 2014

Administrator's Update

Come gather 'round people wherever you roam, and admit that the waters around you have grown, and accept it that soon you'll be drenched to the bone. If your time to you is worth savin', then you better start swimmin' or you'll sink like a stone, for the times they are a-changin'.

Bob Dylan

Indeed, they are “**a-changin’**”, and FCERA is “**a-daptin’**”. The winds of the investment markets have been filling our sails in recent quarters, and stock returns have carried our total fund value to \$3.7 billion. FCERA also has done well, both in absolute and relative terms.

Return and Percentile Rank among Public Funds at 3Q13

	Qtr	1 Yr	3 Yrs	5 Yrs	10 Yrs
Total Fund Return	5.5%	12.7%	9.9%	9.1%	8.4%
Rank	23rd	48th	57th	22nd	17th

However, we will face a very different economic and risk-return paradigm in the coming years. Maximizing returns, while insulating our assets from the volatility of the markets is a difficult balancing act. Significant changes to the portfolio structure are underway as the Board attempts to balance our return maximization and stable contribution objectives.

The methods by which we forecast the funding status and contribution requirements also has a large effect on contributions. Recent changes to our long-term assumed rate of return (7.75% to 7.25%), along with variances between forecast and actual payroll growth and the number of retirements, are pushing required contributions higher. Effective July 1, 2014, employee rates will increase an average of 1%. Average employer rates will rise from 47% to 54% of salary. Your Board is very sensitive to these effects on covered employers and members, but the changes are needed to keep FCERA on a path toward full funding that is based on realistic forecast assumptions.

On a different note, it seems ever more certain that the High Speed Rail Authority (HSRA) will be taking our property (collective moan). Though it may be more than a year away, a lot of advance work is needed to make the move. We are working to assure that there will be no disruption in our service to you.

It takes a lot of paddling to keep one's head above the water line. Change does that.



Happy New Year - Taxes

Income tax withholding schedules changed effective January 1st which may affect your tax withholding. Please contact your tax professional, the IRS or your state taxing agency for information. Withholding forms are available on FCERA's website if you wish to modify your withholdings. **The form must be received at FCERA by the 10th** to be effective in that month.

March Madness

"March Madness" is upon us here at FCERA, our members make a mad dash to retire before April 2nd in order to take advantage of the retiree Annual Cost of Living Adjustment (COLA). Please keep this in mind when scheduling appointments with our office as we may need to delay meeting with you in order to accommodate those members retiring during the first quarter of the year. If your retirement date is later in the year, and your need for information is not urgent, we will give priority to near-term retirement cases. Your patience is appreciated.

Direct Deposit for Benefit Payments

Direct Deposit is the electronic transfer of your FCERA retirement benefit into your bank account each month. With direct deposit, there is no need to "run to the bank" to deposit your check. No wondering if it will arrive on time. Each "payday", you receive a Direct Deposit advice that reports your gross and net pay along with your tax withholding and other deductions. Your bank receives the information on your deposit several days in advance of payday so they have time to process the transaction into your account.

Direct Deposit is safe and confidential. A check passes through many more hands than an electronic transfer. If you were receiving a check and it was lost or stolen, it could take up to two weeks to replace it. Problems with checks take longer to correct because of the potential for fraud. Direct Deposit eliminates the risk of lost or stolen checks.

Your Direct Deposit stays in effect until you submit a new form or elect to receive a paper check. To sign up for Direct Deposit, you must complete a "Direct Deposit Request" form available on our website at www.fcera.org. From the home page, select Forms, Regulations, Charters, and Policies; All Forms; then click Direct Deposit – Retired Only. You and your banking institution must sign the form before submitting the form to FCERA. FCERA will not accept a form with missing or altered information, including the required signatures. You will receive confirmation from FCERA when a form has been submitted for processing.

Even with direct deposit, you must notify FCERA of a change in your address. Excessive returned mail will result in a suspension of your FCERA retirement benefit until your address is confirmed. In addition, when tax season approaches we need to know that we are sending your 1099R form to the correct address (see next item). This is for your protection.





Tax Year 2013 Form 1099R

Each year, FCERA's custodial bank issues a Form 1099R to each person receiving a retirement benefit or lump sum distribution from FCERA. With the change in banks that occurred in 2013, you should expect two Forms 1099R if you began receiving retirement benefits prior to July 2013. You will need both Forms 1099R in order to file your income tax returns for Tax Year 2013. If you received your first benefit check in July 2013 or later, you will only receive one Form 1099R.

You should receive your Form(s) 1099R by January 31, 2014. Please contact us if you do not receive the forms or if you have any questions related to the information on the forms. Please remember that FCERA cannot provide any tax advice, including answering questions about whether or not you need to file or how you should file. Please contact your tax professional for assistance on how to file your income tax returns.

Supplemental Retirement Benefits

An actuarial valuation is prepared each year to determine the funding status of the Retirement Plan and the contribution rates to be charged to the members and employers. The valuation also includes an estimated duration for the two discretionary benefits provided by the Board of Retirement – the Supplemental Cost of Living and the Non-vested Health Benefit. These benefits are funded using undistributed earnings of the Plan and are available so long as funding is available. The Plan does not expect to have any earnings to increase funding to these programs in the near future. Benefits for these two programs will cease when the designated reserves are expended.

Please be aware that funding for the Nonvested Health Benefit (labeled Health 2 on your retiree check advice) is anticipated to cease in early fiscal year 2015-2016 if expenditures continue to increase as they have been.

Funding for the Supplemental Cost of Living (labeled Supplemental Cola on your retiree check advice) is anticipated to cease in early fiscal year 2016-17.

Calendar



Next Regular Board Meeting:

February 5, 2014

February 19, 2014

March 5, 2014

March 19, 2014

April 2, 2014

April 16, 2014

Location:

FCERA Boardroom

1111 H Street

Fresno, California 93721

Time: 8:30 A.M.

Pension Payroll Payment Schedule

Friday, January 31, 2014

Friday, February 28, 2014

Friday, March 28, 2014

Live Audio Broadcast

FCERA broadcasts most Board meetings live via streaming audio. Visit www.fcera.org for more information.

Board of Retirement

- Dr. Rod Coburn, III, Chair
- Alan Cade, Jr., Vice Chair
- Marion Austin
- Laura P. Basua
- Judith G. Case McNairy
- Vicki Crow
- Robert Dowell
- Eulalio Gomez
- Steven J. Jolly



Winter 2014





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Intranet: <http://www2.co.fresno.ca.us/9200/default.htm>

Email: FCERAwemail@co.fresno.ca.us

Meet FCERA Staff: Vanessa Elizondo - Retirement Coordinator



I began my employment with FCERA in October 2013 as a Retirement Coordinator. The staff at FCERA has been extremely welcoming during my transition into this new role; and they have made learning a delight. I look forward to sharing all of my gained knowledge and ongoing learning with our members during future visits. Prior to joining FCERA, I worked for Bank of America for seven years. I am a graduate of The University of Phoenix and I am currently pursuing my MBA.

I enjoy spending my time away from the office with my husband, family, and friends. My husband and I love to travel as often as possible and immerse ourselves in new cultures. We have already had the privilege of visiting several countries and look forward to many more trips in the near future. During baseball season we venture north to San Francisco to watch our beloved Giants play as often as possible. You can also find us in Cayucos enjoying a relaxing trip to the coast with our dogs anytime of the year.

