



## The Retirement View

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SUMMER 2018

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### Contribution Rate Change Information

Contribution rate changes for the 2018-2019 fiscal year are here. You can skip straight to the employee rate information on the next page, or you can read on for some background information on how your contribution rates are developed.

Our pension is funded through employee and employer contributions and investment returns. Employees pay contributions based on the estimated costs to pay the retirement benefits due to those employees. Since we don't have a crystal ball to know exactly how many years you will work, what your final average compensation will be, or at what age you will choose to retire (not to mention how long you will live in retirement and who you choose for your beneficiary), we use an actuary to formulate an estimate of the cost of your benefits. Actuarial science is a discipline that applies mathematical and statistical methods, along with economics, probability theory, and computer science, to assess risk. In this case, the "risk" refers to the cost of your benefits to the pension plan.

In order to estimate the cost of benefits to the plan as a whole, the actuaries need to make some assumptions about all future events that could affect the amount and timing of the benefits to be paid and the assets to be accumulated. Every three years, the actuaries complete an "Experience Study" to look at those assumptions and make changes to them if necessary. In our most recent [Actuarial Experience Study](#) completed in March 2016, there were some major demographic assumption changes made:

- Generally, members who work up until retirement are working longer and retiring at a later age
- Retirees are living longer
- General members are terminating employment more frequently; Safety members less frequently, and fewer members are choosing the refund option for contributions
- There are fewer disability retirements overall

This is only a sample of some higher level examples; in practice, the actuaries look at even more comprehensive information, including our crystal ball questions from earlier, and economic assumptions about investment returns, salary increases, and future cost of living adjustments. Once these assumptions are set, the future cost of benefits can be predicted. This is called the "normal cost" of the benefit. Employees are only responsible for up to 50% of the normal cost of their benefits.

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## Contribution Rate Change Information, continued

Employers are responsible for the remainder of the normal cost, as well as the Unfunded Accrued Actuarial Liability, or UAAL. The UAAL is comprised of actuarial gains and losses due to demographic experience, investment performance, and changes to plan provisions and assumptions. For example, if we set an assumption that there will be fewer disability retirements overall, but in actual experience we have more disability retirements, that would be considered an actuarial loss, due to the increased cost to the plan. The UAAL can also increase if we have lower than expected investment performance, or if the plan sponsors create new benefits or plan provisions that were not previously considered. In summary, employee contribution rates are based on up to 50% of the normal cost of benefits. Employers pay contributions for the remaining cost, plus the UAAL.

Your 2018-2019 Contribution Rates are listed below. Members in Tiers 1-4 pay contribution rates based on their age of entry into membership, and the numbers listed below are averages. Members in Tier 5 pay the flat rate listed below. You can find detailed information on contribution rates on our [website](#), or by logging into your Member Portal account and viewing Employment -> Contributions.

	General Member					Safety Member			
	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Tier 1	Tier 2	Tier 4	Tier 5
FY 2018-2019 (Current Fiscal Year)	9.93%	7.22%	7.99%	7.06%	7.23%	13.18%	11.61%	10.09%	12.07%
FY 2017-2018 (Last Fiscal Year)	9.99%	7.26%	8.00%	7.11%	7.26%	13.21%	11.59%	10.06%	12.03%

*These rates are effective with the pay period beginning:  
June 18, 2018 for the County and Courts | June 23, 2018 for FMAAA, | July 1, 2018 for CVMD and FMVCD*

## 5 Easy Steps to Save for Big Ticket Items

### From AmericaSaves.org

Very few of us have money at the ready to cover an emergency, never mind the money for the larger purchases we'd like to make. This is why it's that much more important to prioritize savings to cover both the items you need as well as those you want.

Whether you're saving for a new computer or a [new-to-you car](#), the security deposit for an apartment or a [down payment on a house](#), a little planning and an easy-to-maintain budget will be instrumental in making your big ticket purchase a reality. With these direct and easy steps, big ticket items don't have to be limited to big dreams:

1. **Set Your Goal.** It's easy to keep dreaming of the things you want or even things you might need, but making it a point to establish your big ticket item as an actual savings goal is a necessary first step in making the goal a reality.

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THE RETIREMENT VIEW

5 Easy Steps to Save, continued

- 2. Do Your Research.** Start with the most important question: how much is your large purchase going to cost? Some items, like a computer or a security deposit, will have a set dollar amount that you'll need to save for, while other items, like a car or a home, will need to include associated costs for maintenance, insurance, and taxes/fees.
- 3. Make a Plan.** Once you know your goal and all of the costs associated with that goal, it's time to dig into your [budget](#) to determine how much you'll be able to save each month. You might need to make some changes to your spending to make savings (or additional savings) happen. Dividing your goal's costs by the amount you'll be able to save will also let you know how long you'll need to save. When you know these two items, head over to [AmericaSaves.org](#) to take the pledge and put your savings plan into action.
- 4. Automate Your Savings.** Start a good saving habit by automatically moving the predetermined amount into your savings account each month. Employer-based direct deposit can move the amount straight from your paycheck into your savings account or you can set up an automatic transfer through your banking institution. Regardless of which method you choose, be sure to keep your savings in a separate savings account to watch your money accumulate with interest – the harder to access those funds, the better.
- 5. Earmark windfall income.** Depending on how long you've determined it will take to reach your savings goals, you may want to plan to move any additional unbudgeted income directly into savings. Receiving an unexpected windfall? How about a tax refund? Since those funds aren't a part of your established budget, you won't miss the additional income by moving a portion of it into savings – plus, you'll cut the time it takes to reach your goal!

To learn more about saving for a large purchase and take the America Saves pledge, visit [AmericaSaves.org](#).



Board Calendar



Next Regular Board Meeting:

- July 18, 2018
- August 1, 2018
- September 5, 2018
- September 19, 2018
- October 3, 2018

Location:

FCERA Boardroom  
7772 N Palm Ave  
Fresno, California 93711

Time: 8:30 A.M.

Pension Payroll Payment Schedule

- Tuesday, July 31, 2018
- Friday, August 31, 2018
- Friday, September 28, 2018
- \*Please allow 3-5 days for mailed

Live Audio Broadcast

FCERA broadcasts all board meetings live via streaming audio. Visit [www.fcera.org](#) for more information.

Board Members

- Nathan Magsig, MBA MS, Chair
- Robert Dowell, Vice Chair
- John Adams, MBA
- Dr. Rauden Coburn, III, DDS
- Oscar J. Garcia, CPA
- Steven J. Jolly
- John Robinson
- Riley L. Talford, MA
- Mary Ann Rogozinski, Alternate
- Vacant



Summer 2018





## Fresno County Employees' Retirement Association

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[www.fcera.org](http://www.fcera.org)

[FCERA@FresnoCountyCA.gov](mailto:FCERA@FresnoCountyCA.gov)

## Member Portal Registration: Are you in?

Over 3,000 members have registered for our Member Portal since its launch in the fall of 2016. Have you registered yet?

Retired members can view their personal information, tax withholding, bank information, and pay history.

Active and deferred members can view their personal information, beneficiaries, service credit and contribution information, and run retirement benefit calculations.

If you haven't registered yet, you'll need your Unique Identifier.

**Active Members:** Send an email to [FCERA@FresnoCountyCA.gov](mailto:FCERA@FresnoCountyCA.gov) from your work address, and we'll respond with your Unique Identifier.

**Deferred and Retired Members:** Call us at 559-457-0681 and ask for your Unique Identifier. You will be asked to verify your identity and then we can provide it to you by phone.

Then, you can visit the Member Portal here:

<https://fcera.arrivos.com/MemberPortal/Account/Login> and start with the register button below the yellow login button.

If you have any questions or issues, please contact us!