

At Your Service

January 2017

Orange County Employees Retirement System

Quarterly Newsletter

Retirement Security for PEPRA Members

The Public Employees' Pension Reform Act (PEPRA) of 2013 changed defined benefit plans mandated by State of California legislation for new public employees in the State of California, including OCERS-covered members. If you were hired on January 1, 2013 or after for the first time by an OCERS participating employer, you are a PEPRA member.

These new members have a lower benefit formula than Legacy members. To retire with benefits comparable to Legacy employees, PEPRA members can either work longer or save more to augment their defined benefit pensions. The purpose of this article is to encourage PEPRA members to better understand their benefits and learn more about steps they can take to increase their retirement nest egg.

OCERS members typically rely on the defined benefit (DB) retirement plan as their primary source of retirement income and defined contribution (DC) retirement plans to supplement that income. Under PEPRA, DC plans may assume a more important role in retirement planning. Here is an example of why that is important:

A Plan J (2.7% at 55) Legacy member who is 60 years old and retires with a Final Average Salary of \$5,000 a month after working for an OCERS-covered employer for 25 years will retire with a monthly allowance of \$3,375. A PEPRA member who has Plan U (2.5% at 67) who is the same age and also has 25 years of service would receive \$2,250 a month. A PEPRA member in Plan T (1.62% at 65) would receive even less, \$1,597.21 a month.



But the good news for all members, whether they are Legacy or PEPRA, is that DB plans provide guaranteed lifetime retirement benefits. The amount of the benefit reflects a retirement formula which includes a benefit factor based on age at retirement, years of service and highest average salary over a specific number of years (usually three for OCERS members). Employer and employee contributions and investment earnings fund DB plans.

PEPRA members are encouraged to educate themselves about their benefit formula, enroll to use the myOCERS member portal and explore options like investing in a DC plan (provided by Empower Retirement or Nationwide). It is also a good idea to read the Summary Plan Description for your plan on OCERS' Web site.

In this issue...

OCERS CEO reflects on 2016

At Your Service



Members of the Board of Retirement

David Ball, Chair
Chris Prevatt, Vice Chair
Russell Baldwin
Frank Eley
Shari L. Freidenrich, CPA
Thomas Flanigan
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Roger Hilton
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Charles E. Packard

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Chief Investment Officer

Girard Miller, CFA

Assistant Chief Executive Officer, External Operations

Suzanne Jenike

Assistant Chief Executive Officer, Finance and Internal Operations

Brenda Shott, CPA

Chief Legal Officer

Gina Ratto

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Board of Retirement Meetings:

All regular business meetings are held in the OCERS Board Room at 9:00 a.m. (unless otherwise specified)

January 17, 2017

February 7, 2017

March 20, 2017

April 17, 2017

May 15, 2017

June 12, 2017

July 17, 2017

August 21, 2017

October 16, 2017

November 13, 2017

December 18, 2017

Future agendas can be found at ocers.org.

This newsletter is intended to provide you with general information. It does not constitute legal advice, and OCERS cannot provide legal advice to members. If there are any discrepancies between the information in this newsletter and the law, the law will prevail. Should you have legal questions, you are advised to consult an attorney.

'New' Members return to Board of Retirement

Former Board members Russell Baldwin and Frank Eley returned to the OCERS Board of Retirement on January 1, 2017. Frank Eley was elected to the retired member seat while Russell Baldwin is returning as an active member.



Mr. Eley began his service on the Board as an active member in January 1999, and served in his post for more than 17 years until his retirement from the County of Orange mandated he step down from the OCERS Board in May 2016.

However, when Retired Member Thomas Beckett decided not to run for reelection this year, Mr. Eley ran unopposed for that seat and is set to begin serving a new 3-year term beginning January 1, 2017.



Mr. Baldwin was first elected to the Board of Retirement in 2005, and served on the Board from January 1, 2006 until December 31, 2012. When a regular election was held to fill Mr. Eley's former active member seat in 2016, Mr. Baldwin ran unopposed and also began serving at the beginning of the year.



In related news, David Ball, who served as OCERS' Vice Chair on the Board in 2016, will serve as Chair in 2017. A new Vice Chair was scheduled to be selected at the regular Board of Retirement meeting on December 19, 2016 (this edition of the newsletter went to print prior to that meeting).

OCERS is administered by the Board of Retirement. Of the 10 members, four are appointed by the County Board of Supervisors; four (including the Safety alternate member) are elected by OCERS' active members. One is elected by the retired membership. The County Treasurer serves as an ex-officio member.

Reciprocal Benefits Offered by OCERS

It has become increasingly common for employees to work for a number of different employers during the course of their career. And while many members have worked for agencies that are not part of OCERS, they can take advantage of the system's Reciprocal Benefits program that is designed to allow employees who transfer between retirement systems to preserve and enhance their total system benefits.

Reciprocity exists between OCERS and the other 19 County Retirement Systems in California that are governed by the County Employees Retirement Law of 1937. In addition, OCERS also has reciprocity with CalPERS, which covers employees of the State of California, other counties, cities and special districts in California. Additionally, OCERS also has reciprocity with CalSTRS (the California State Teachers' Retirement System).

"Providing reciprocal benefits is intended to encourage career public service by granting a continuity of retirement benefits to members who are entitled to retirement rights or benefits in two or more qualified systems," said Catherine Fairley, Director of Member

Services. "It is important for employees to know they must become a member of another covered system within six months of terminating their employment with their current system to be eligible. They must also make sure to ultimately retire from all reciprocal agencies on the same date."

Among the advantages of the OCERS Reciprocal Benefits program:

- Designed to allow employees who transfer between retirement systems to preserve and enhance their total system benefits
- Contribution rate based on entry age with the reciprocal system
- Reciprocal service counts toward meeting the minimum 10-year service credit requirement for Legacy members and five-year requirement for PEPRA members for Service Retirement
- Your service under all retirement systems will count toward your eligibility for Disability Retirement and Survivor Benefits under each system.

To determine if you are eligible to establish reciprocity between OCERS and another retirement system, please call OCERS at 714-558-6200.

Get a Quick Estimate of Your Future Retirement

OCERS' Web site offers two easy ways for our active and deferred members to easily estimate their future retirement benefit. The most comprehensive and accurate estimate is available once you have created your personalized myOCERS online account. Once you have registered, you can use the myOCERS Benefit Estimator to calculate your future retirement benefits; the system uses your personalized information to calculate the estimate.

Or simply visit our home page and click on the "Benefits Calculator" button in the Quick Links box and you can follow the instructions to get an estimate based on information you provide.

For more information, please visit us at ocers.org.



Follow us on Instagram and Twitter @myocers



What Can myOCERS Do For You?

In the past, you may have called us on the phone, visited our office or met with OCERS' staff at an employer health fair. Now, with myOCERS, you can quickly find answers to many of your questions. Just log in for detailed information on your personalized account.

As of December 8, 2016, more than 14,000 of our members had registered to use their myOCERS account.

If you are a payee you will be able to:

- View your payment history
- View your annual 1099-R form (see *page 8 of this issue*)
- Get a copy of your Benefit Award letter
- Change your address so OCERS can stay in touch with you
- Update your beneficiary(ies) in some cases
- Change your direct deposit account and tax withholding elections
- Find answers to frequently asked questions

If you are an active or deferred member you will be able to use myOCERS to:

- Use the Benefit Estimator to calculate your future retirement benefits
- Submit your retirement application
- Change or update your beneficiary information
- View and print your Member Statement
- Submit a request to Purchase Service Credit
- Deferred members can change their address online

Of additional interest to active and deferred members is the "Participant Account" tab where specifics about a member's contribu-

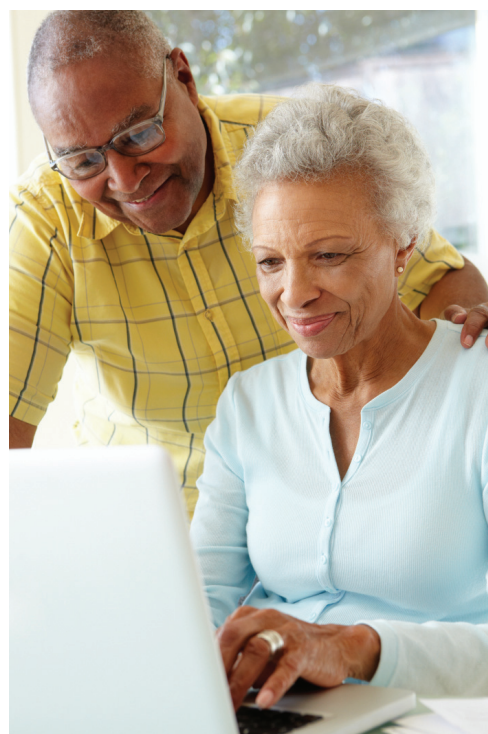
tions, service and reciprocity (shown as Plan X) can be viewed.

Increasingly, active and deferred members are applying for retirement using the myOCERS portal. The online retirement application takes you through eight easy steps, with much of the online application already populated with the data we have for you in our system. Members also have the ability to update much of that information as they complete the application.

We are continuously updating myOCERS to provide you with new features and online services. Later this year, we will be adding additional security features to myOCERS including the requirement that those registering for the first time use a unique PIN number.

If you have not yet registered, visit OCERS' Web site at ocers.org and register to access your myOCERS account.

If you have any problems registering, please call OCERS at 714-558-6200.



Outreach and Service Are Central at OCERS

By Steve Delaney, Chief Executive Officer

OCERS is always focused on how to better serve our members and participating employers, and the beginning of any new year is an excellent time to reflect back on the previous year.

Communications continues to be central to OCERS' ongoing efforts to inform all of you who participate in the OCERS plan.

In 2016 I went out with my team, as we do every year, to meet with as many of our employers ("plan sponsors") and labor groups as possible. Additionally, we met on a number of occasions with REAOC (which represents more than 5,400 of our retired members) as well as outside stakeholders to provide complete updates about the retirement system and answer any questions they have about OCERS.

In addition, representatives from our Member Services and Communications departments staffed information tables at a number of health and wellness fairs throughout Orange County; at these special events OCERS' staff distributed information, demonstrated features on the OCERS Web site and myOCERS member portal, and answered questions about retirement-related issues.

That commitment to our members and plan sponsors confirms, in part, why OCERS will be rolling out a program where I will be joining members of my executive team in calling recent retirees after they retire to collect their thoughts and ideas about the retirement process and the level of service delivered by OCERS.

OCERS' primary mission is to provide retirement and survivor benefits to our members



and their beneficiaries. Indeed, OCERS' Mission Statement is: "We provide secure retirement and disability benefits with the highest standards of excellence." That is something that each and every employee who works here takes to heart with the decisions that we make.

This past year was also marked by OCERS' ongoing efforts to focus on cyber security to prevent a data breach or any attempt by identity thieves to obtain confidential information

OCERS' Mission Statement is:

"We provide secure retirement and disability benefits with the highest standards of excellence."

about active members or retirees. Protecting member information is something that OCERS takes very seriously and this area will continue to be a focus of our efforts in 2017.

I wish all of you a healthy and happy 2017. Together I know we can continue to work to strengthen OCERS for today's retirees as well as all of you who will depend on the system in the years ahead.

Pre-Retirement Sessions Key to Readiness

Can you afford to retire? This is the first and maybe the most important question you need to answer before deciding to retire. Experts predict that you need approximately 80 percent of your working income to maintain your current standard of living in retirement. According to Brenda Anderson, Associate Vice President of Nationwide Investment Services Corp., out-of-pocket health care expenses during retirement could total \$220,000, on average. Your OCERS defined benefit pension is an important part of the equation of preparing to meet your retirement goals.

You may have other programs to help you achieve financial security, including an optional 457 plan, Social Security and other savings. A successful retirement starts by understanding the benefits you can count on

when you retire. If retirement is in your near future you should plan on attending OCERS' Pre-Retirement Sessions which are designed to help members navigate the choices that impact employees approaching retirement.

The retirement-related sessions are designed to provide a wide-range of information and resources to help any active or deferred member take the necessary steps to make their move into retirement. All sessions will be held at OCERS, 2223 E. Wellington Avenue, Santa Ana.

The upcoming **Pre-Retirement Sessions will be held on January 4 and 18; February 1 and 15; March 1 and 15; and April 5 and 19, 2017.**

Pre-Retirement Sessions Schedule

8 – 9:30 a.m.	Social Security and Medicare session
9:45 – 10 a.m.	Retired Employees Association of Orange County (REAOC) session
10 – 11:30 a.m.	Orange County Employees Retirement System (OCERS) session
12:30 – 1:05 p.m.	County Deferred Compensation Plan (Empower Retirement) session
1:05 – 3 p.m.	County of Orange Retiree Medical session

OCERS Reception Area Undergoing Construction

OCERS reception area is tentatively scheduled to undergo improvements and will be under construction through January 2017. During this time, OCERS' office will be open and visitors are welcome during all business hours.

When you come into our office, there will be signs directing you to the temporary reception area and staff will be available to assist you.



Financial Planning Seminars Coming in February

Empower Retirement and the County of Orange Defined Contribution Program offer a variety of educational seminars on financial topics throughout the year. These seminars are designed to provide participants with a broad-based understanding of the 457 program and help them increase their knowledge of investment terms and concepts.

OCERS will be hosting a 90-minute seminar titled “Financial Wellness and Planning: Managing Retirement Income” on February 10, 2017, and again the following week on February 16, 2017.

This specific seminar will help attendees learn how to make informed decisions about when to retire, how to manage their investments in retirement, and when and how to take distributions from their Defined Contribution (DC) plan. Greg Gower, Certified Financial Planner, will be the presenter for this informative seminar. Mr. Gower will be providing general financial wellness and planning information.

Additionally, he will be available to set up individual appointments for personalized Certified Financial Planning services. The “Financial Wellness and Planning: Managing Retirement Income” seminar will be held from 11:30 a.m. to 1 p.m. in the Saddleback Room at OCERS, 2223 E. Wellington Avenue, Santa Ana, on Friday, February 10, 2017, and again on Thursday, February 16, 2017.

There is no cost to attend the seminar. For more information, visit countyoforangedcplan.com.

Keep Your Beneficiary Information Updated

When you become a member of OCERS, you will be asked to designate a beneficiary who will be entitled to receive certain benefits that may be payable upon your death. It is not only imperative to designate a beneficiary when you begin your career, but to update your beneficiaries as events in your life change. Does your OCERS account currently reflect the people in your life you care about who may receive benefits if you're not here?

To change your beneficiary, you need to request the “Beneficiary Change Form” from Member Services or download it from ocers.org. You can also update your beneficiary information using the myOCERS member portal.

Remember, it is your responsibility to notify Member Services of a life event change, such as a marriage, domestic partnership registration or death including death of a designated beneficiary. Upon receipt of this information, your new beneficiary designation will supersede all previous designations.

Please note: Certain retirement options (Options 2-4) preclude beneficiary changes. Please see the “Retirement Payment Options” brochure on the Forms & Publications page of the OCERS Web site for more details.





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1099-R Forms to Be Mailed at End of January 2017

OCERS will mail personalized copies of Internal Revenue Service Form 1099-R to all payees on or before January 31, 2017. The Form 1099-R provides each payee with detailed information on his or her income for the previous year. Payees may also view and print copies of their 2016 1099-R online, effective Wednesday, February 1, 2017, by logging into their personalized account on the myOCERS portal. While OCERS does mail copies of the 1099-R to each payee, the online copy available on myOCERS can be printed and filed with the Internal Revenue Service if the mailed copy is lost or misplaced.

It is important that you keep OCERS updated with a current address and phone number so you continue to receive important information from us, including your annual 1099-R Form and future issues of *At Your Service* newsletter. If you are an OCERS payee and have recently moved, please make sure to submit an address change using your myOCERS account by Wednesday, January 18, 2017 to ensure the timely delivery of your 1099-R form. This will also ensure that your current address is printed on your official 1099-R form.

For more information, visit ocers.org.

Coming up in our next issue of
At Your Service...

2017 COLA Update