

At Your Service

April 2016

Orange County Employees Retirement System

Quarterly Newsletter

Board of Retirement Approves 1% COLA

OCERS offers a Cost-of-Living Adjustment (COLA) of up to 3 percent per year based upon the increase or decrease in the Consumer Price Index (CPI). The CPI is derived from the Bureau of Labor Statistics Consumer Price Index for the Los Angeles, Orange and Riverside County areas. The COLA, if approved, is effective April 1st for all eligible payees and will be included in monthly retirement allowances beginning with the May 1st payment.

At its regular meeting held on February 16, 2016, the Board of Retirement unanimously approved a 1% COLA based on the calculated 0.91% increase in inflation associated to goods and services in the 2015 calendar year compared to 2014.

The COLA will impact benefit recipients differently depending upon the effective date of their allowance:

- Payees who began receiving benefits on April 2, 1983 through April 1, 2016 do not have a COLA bank and will therefore see a 1% increase.
- Payees who began receiving benefits between April 2, 1982 and April 1, 1983, will see an adjustment of 2% (and a reduction in their COLA banks by 1%).
- Payees who began receiving benefits between April 1, 1971 through April 1, 1982, will see an adjustment of 3% (and a reduction in their COLA banks by 2%).

For more information about how the CPI impacts the COLA, as well as determining how much payees (based on the effective date of the benefit) have



in their individual COLA bank, see the “COLA Information” page on OCERS’ Web site in the “Retired Members” section.

OCERS pays its monthly benefits in arrears; so, although the 2016 COLA is effective April 1, eligible members will see the adjustment on their May 1, 2016 payment.



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At Your Service



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At Your Service is edited and designed by Robert Kinsler and Jayne Ritchey

Board of Retirement Meetings:

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

January 19, 2016	February 16, 2016
March 21, 2016	April 18, 2016
May 16, 2016	June 22, 2016
July 18, 2016	August 15, 2016
October 17, 2016	November 14, 2016
December 19, 2016	

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.

Cyber Security at Home

Most major companies and government agencies have cyber security policies, as well as guidelines in place to prevent a data breach or an attempt by identity thieves to obtain confidential information. Protecting member information is something that OCERS takes very seriously and there are things you can do to help.

Some positive steps you can take which will help you decrease the risk of becoming an identity theft victim include:

- Strengthen passwords – Use at least 8 characters, including alphanumeric characters, symbols and include both uppercase and lowercase letters.
- Handle PII with care – Don't give out Personal Identifying Information (PII) unless absolutely necessary.
- Safeguard documents – Don't carry any more than necessary and never your Social Security card.

While many people become victims of identity theft using a computer, tablet or smart phone, others become victims because of mail fraud. It is important to place outgoing mail in locked collection boxes or at a U.S. Post Office. Know your billing cycles and contact creditors when bills fail to show up; review bank and credit card statements carefully to confirm only your activity is listed.

Reduce the number of pre-approved credit card offers you receive, and order your free annual credit report online at AnnualCreditReport.com or by calling 877-322-8228.

The Identity Theft Resource Center has a number of additional tips that can help you safeguard your personal information. For more information, visit the non-profit organization's Web site at: idtheftcenter.org.

Current Address and Phone Number are Imperative

Does OCERS have your current mailing address and phone number?

OCERS recently launched a customer service initiative where we attempted to reach a number of members who had recently retired. Surprisingly, some retired members could not be reached because their correct phone number was not on file.

It is important to make sure that OCERS has your correct mailing address and phone number. If OCERS needs to contact you regarding your account, calling you might be the fastest and most effective way to reach you. *Please note:* while OCERS will never call or email you to ask for your confidential information, we occasionally need to contact members and you might be asked to verify information that only OCERS and you would

know in order to confirm you are being contacted by a representative of our office.

If you are retired, please sign into your personal myOCERS account and confirm that your current address and phone number is displayed on the home page of your account. If either is not correct, please update your account online.

For more information, please call OCERS at 714-558-6200.



Visit OCERS at Upcoming County, OCTA Health Fairs

While OCERS frequently hosts Pre-Retirement Sessions at our office, staff members from our retirement system also make it a point to participate at employer-sponsored health fairs to provide members with additional opportunities to learn more about their benefits. An OCERS staff member typically brings printed materials, as well as a tablet to demonstrate how members can access their myOCERS account.

OCERS will be attending three upcoming health fairs and invites members to come by our table with any questions they have.

OCERS will be attending the OC Healthy Steps Wellness Fair at the County of Orange, Hall of Administration from 10 a.m. to 1 p.m. on Wednesday, May 4.

In addition, OCERS will have an information table at the OCTA Health Fairs scheduled at the Garden Grove Base on Tuesday, June 21, and at the Santa Ana Base on Thursday, June 23. Both OCTA events will be held from 10 a.m. to 1:30 p.m.



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Classes Provide Employees 'Financial Wellness'

While there are diverse needs among different employee groups, emotions about “financial wellness” are consistent among all, according to the results from a recent Fidelity study.

Based on a focus group of 65 participants in Fidelity-administered plans and a survey of 483 retirement plan participants, Fidelity found the key emotion of those in the study was a lack of control over near-term decisions, a lack of confidence and a lack of stability.

Understanding the steps you as a member of OCERS can take to help enhance your overall financial health and achieve “financial wellness” is a key reason to enroll in our free Financial Planning Class. The three night class teaches members worthwhile tools to:

- Create a path to follow and make appropriate financial decisions
- Know when you can retire and how much you will need
- Identify factors that can positively or negatively impact your plan to retire
- Make appropriate investment selections for your short, mid and long-term goals
- Locate resources for further education and planning

The financial advisor will also review topics such as income tax planning, estate planning, proper beneficiary designations, and calculating Social Security benefits among other things. Additionally, an OCERS representative will give an overview of the OCERS pension plan; including the factors that go into payee’s monthly retirement allowance, benefit estimates and disability retirement options.

Members will have an opportunity to meet with the financial advisor once the class is completed at no cost on a one-on-one basis to have specific questions answered. A personalized financial plan will be created with

Scheduled dates for upcoming Financial Planning classes:

Wednesdays

June 1, 8 and 15, 2016
6 – 9:30 p.m.

July 6, 13 and 20, 2016
6 – 9:30 p.m.

September 7, 14 and 21, 2016
6 – 9:30 p.m.

recommendations for the best steps to achieving your financial goals. Attendees have found this individualized planning to be extremely valuable.

Financial Planning Classes are held in OCERS’ Training Room, 2223 E. Wellington Avenue, Santa Ana, CA 92701. The 3-night class is free; however, seating is limited so reservations are required. To make your reservation to attend this class, visit ocers.org and see the “Retirement Seminars” page.



OCERS Conducts Energy Education Forum

By Girard Miller, Chief Investment Officer

On March 16, the OCERS investment staff assembled a high-profile faculty of industry experts to help educate our board, staff and stakeholders about the future of the global energy industry.

Topics included the near-term and longer-term outlook for oil and gas prices, how exploration and drilling has been affected by the slump in commodity prices, how long it will take to restore market equilibrium, how credit markets have been impacted by the industry washout in North American shale oil production, and then the subject shifted to a much longer-term view of the renewables energy industry (such as solar and wind power).

In the past year, OCERS has made substantial commitments to investment managers poised to exploit the industry's current weakness by acquiring cheap assets. Much of that "dry powder" capital is yet to be invested, as our investment managers have been quite judicious in their disciplined deployment of capital. But all signs from the experts assembled here would suggest that within a year, the industry will begin normalizing as excess supplies begin to dwindle and the industry's natural depletion rate begins to offset new supply that results from improvements in extraction technology.

OCERS is also making sure that we keep an eye on the Green Energy movement to be sure that the longer-term movement and policy thrust toward renewable energy is

reflected in our investment strategies. Presently, those "renewable infrastructure" projects are not especially attractive to a pension fund on a purely income-generating basis, so we will first keep an eye out for sustainable and proven development opportunities that may present themselves.

Trustee reaction to the educational session was very favorable, as the emphasis was



placed more on education with competing – even disagreeing – industry viewpoints, and less on marketing sizzle. The staff's work to secure top-notch speakers was demonstrated by visiting attendees from other pension plans in Southern California and as far away as Colorado, who also called this event "the best we've ever attended."

The OCERS energy portfolio seeks to capitalize on good investment opportunities to produce returns well above our actuarial assumption rate, provide a hedge against future inflation – and importantly to also provide some portfolio protection from ever-present geopolitical risks to the remainder of our long-term investment holdings in stocks and bonds.

Pre-Retirement Sessions Prepare You For Retirement

Are you thinking about retirement? Do you have questions about your OCERS pension benefits or Medicare and Social Security? If retirement is in your 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 April 20, 2016; May 4 and 18, 2016; June 1 and 15, 2016; and July 6, 2016.

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

Trio of Topics on Tap at Upcoming Empower Seminars

Empower Retirement, the administrator of the County of Orange Defined Contribution Program, is hosting a trio of free lunchtime seminars at OCERS, 2223 E. Wellington Avenue, Santa Ana, over the next few months. The seminars will be held in the Training Room from noon to 1 p.m.

Market Volatility – Wednesday, April 27

This seminar is designed to help you get some tips on how you can structure your Defined Contribution Plan account to better withstand market volatility.

Asset Allocation – Wednesday, May 25

This seminar is designed to help participants learn about different types of investments, evaluate and learn about risk, and build a basic investment strategy.

Kids and Money – Wednesday, June 29

Teaching kids about money starts at home. Learn about tools and techniques to teach your kids the skills they will need to prepare themselves for their financial future. Seminar topics will include introducing your kids to money and finding opportunities for lessons in saving, spending and earning money. You will learn how to educate your children to be financially responsible and what steps to take to teach them about good financial management in the early years, middle years and as teenagers.

For more information on Empower Retirement, visit countyoforangedcplan.com.

Key Things to Know About OCERS' Pension Plan

There are some key things about OCERS that every member should know. Here is a round-up of some of the most important things to know about the Orange County Employees Retirement System.

#1 You cannot outlive your OCERS pension.

Once you are vested and start collecting an OCERS retirement allowance, you will receive that pension for the rest of your life. You don't have to worry about running out of pension dollars or reaching the "end" of your money. Service retirement eligibility requirements differ depending on whether you are a "Legacy" or PEPRA member, however, once you begin collecting your pension from OCERS, it is a lifetime benefit. Indeed, some retirees have been collecting a monthly benefit from OCERS for more than 30 years!

If you are married at the time of your death, your spouse may be eligible to receive a pension for the rest of his or her life.



#2 Investment income and your employer's contributions pay most of the cost of your OCERS pension.

Sometimes it may feel like you are contributing most of your paycheck to OCERS, but did you know that on average, your contributions cover only 16 percent of the cost of providing your lifetime pension benefit?

Your employer also contributes toward the cost of your pension and those contributions (along with those you make) are invested in OCERS' portfolio. Money earned in that diversified portfolio along with the contributions paid for by your employer fund more than 84 percent of your benefit.

#3 Pensions are not the only benefit OCERS offers.

OCERS provides more than just pension benefits. We also protect your income (and your family) while you are working by providing disability and survivor benefits. OCERS provides both service connected and non-service connected disability benefits in the event that you become permanently incapacitated and unable to perform the usual and customary duties of your position prior to retirement. Benefits may also be available to eligible survivors in the event the member passes away while an active member. The benefit level and eligibility requirements vary depending on a number of variables, however at minimum, OCERS will refund the employee-paid contributions and interest.

#4 Leaving OCERS-covered employment before you are ready to retire? You can "Defer" your retirement payment and collect when eligible.

If you terminate your employment in a job covered by OCERS prior to being eligible to retire you have options you should be aware of. If at the time you separate you have five or more years of service credit with OCERS (including reciprocity) you may leave your member contributions on deposit with OCERS and file an application for retirement when you would have attained retirement eligibility. This is called a "Deferred Retirement Allowance."

If you have less than five years of service at the time you separate from OCERS-covered employment, you have the ability to begin collecting a lifetime benefit beginning at age 70.

Information on these and other benefits available to OCERS' members can be found in the Summary Plan Descriptions posted on the OCERS Web site.



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STAR COLA Provides Benefit for Long-Time Retirees



At its regular meeting on March 21, 2016, the Board of Retirement unanimously approved payment of the Supplemental Targeted Adjustment for Retirees Cost-of-Living Adjustment (STAR COLA) for the period April 1, 2016 through March 31, 2017.

STAR COLA applies to those members who have been retired the longest; currently only 346 members who retired on or before April 1, 1980 receive STAR COLA.

The STAR COLA provides a much-needed cushion to OCERS' longest retired members, whose benefits have been most diminished by inflation over time. With the approval of STAR COLA, eligible recipients are able to receive a total payment that provides them with 80 percent of the purchasing power of his or her original retirement benefit.

For more information, visit ocers.org.

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