

# At Your SERVICE

NEWSLETTER FOR MEMBERS OF THE ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM April 2021

## Eligible Payees To See 1.5 Percent COLA In May

At its regular meeting held on February 16, 2021, OCERS' Board of Retirement approved a 1.5 percent Cost-of-Living Adjustment (COLA) for payees. The increase, effective April 1, will be reflected on the May 1, 2021 payment.

For 2021, the 1.5 percent COLA is based upon a change in the Consumer Price Index (CPI) of 1.62 percent, which was rounded to 1.5 percent as required by statute. OCERS will therefore increase applicable benefit allowances for members who have retired on or before April 1, 2021 by 1.5 percent.

Members and payees who have a positive balance in their "COLA bank" will receive an increase between 2.5 percent and 3 percent depending on the effective date of their benefit.

Members/payees with a benefit effective date between April 2, 1982 and April 1, 2019, they will see an increase of 2.5 percent. Members/payees with a benefit effective date on or before April 1, 1982, they will see an increase of 3 percent.

The good news for OCERS members is that COLAs are compounded. What does that mean to you?

Only the first COLA you receive is based on the original monthly benefit amount.

Subsequent cost-of-living increases are calculated by multiplying your current monthly benefit amount by the percentage of COLA increase.

Each subsequent COLA percent increase is figured on the new, larger benefit amount created by the previous COLA(s).

The result over time is a compounding effect that causes the overall percent increase in the monthly benefit to be higher than the total you get by simply adding together all the COLA percentages you have earned over time.

Additionally, OCERS offers a Supplemental Targeted Adjustment for Retirees Cost-of-Living Adjustment (STAR COLA) to eligible retirees and survivors who have lost more than 20 percent of their original retirement benefit's purchasing power due to inflation.

Members can learn more about the COLA and the "COLA bank" – as well as the STAR COLA – on OCERS' website. Visit: [www.ocers.org/cola-and-star-cola](http://www.ocers.org/cola-and-star-cola).



**Find it online!**

Visit the "Latest News" section of our website for updates on OCERS operations during the Coronavirus (COVID-19) outbreak.



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Comments and suggestions should be directed to:  
Communication@ocers.org

Board of Retirement and Committee Meetings  
and Agendas can be found online 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 be-  
tween the information in this newsletter and the  
law, the law will prevail. Should you have legal questions,  
you are advised to consult an attorney.

# Safety Member Election

OCERS has four (4) Board members elected by retired and active members. One from the retirees, two from the general members and one from the safety members. We also have an alternate safety member who serves when any of the other elected members are absent. These individuals serve three (3) year terms and have a fiduciary responsibility to all of OCERS' plan participants to oversee administration of the pension fund's investments.

The terms of the current Safety Board member and alternate are expiring on June 30, 2021 and we will have an election on May 18, 2021 to determine who will serve the next three (3) years. These board seats are currently occupied by Roger Hilton of the Orange County Sheriff's Department and Jeremy Vallone of the Orange County Fire Authority. Mr. Hilton has brought more than 30 years of employment with the Sheriff's Department to the Board but has chosen not to pursue another term. Mr. Hilton has served on the OCERS Board since 2012 and has held the position of Board and Investment Committee Chairman four (4) times. In addition to being a full-time Deputy Sheriff and OCERS Board member Mr. Hilton serves on the Board of Directors for the Association for Orange County Deputy Sheriffs (AOCDS), the State Association of County Retirement Systems (SACRS) and several others. Mr. Hilton's dedication to OCERS plan participants will be greatly missed.

## 'Alameda' Case Update

On March 15, 2021, the OCERS Board of Retirement took steps related to the implementation of the "Alameda case" (Alameda County Deputy Sheriffs Association et al v. Alameda County Employees Retirement Association and Board of Retirement of ACERA (S247095)). The Board of Retirement approved a test and definition of normal working hours for the purposes of determining whether certain items of pay can be included in compensation earnable under the terms of the plan. It is anticipated that the OCERS team will return to the Board at the April 19, 2021 Board meeting, with a list of any pay items reflecting the pensionable attributes as a result of the Board's approved test definition of normal working hours. It is important to note that OCERS must follow decisions made by California courts and lawmakers as it relates to legal findings that impact benefits. Specifically, the Supreme Court decision said that PEPRRA amounted to a change in the law with respect to the pay items that may be included in the calculation of retirement benefits on and after January 1, 2013; and further, that retirement systems like OCERS have no authority or discretion to calculate pension benefits in a manner inconsistent with the CERL, as amended by PEPRRA. More information is available via the "Latest News" section on OCERS' website.

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# Retiree Pamela Grass Celebrates Past While Looking To The Future

After a 33-year career working for the County of Orange, OCERS member Pamela Grass found her retirement in 2006 was not – well – really an immediate path to retirement. Pam has very fond memories of her many years of service here in Orange County, first with the Mental Health Department, then 20 years with the EMS agency under the Health Care Agency as Secretary to several wonderful Program Managers and Medical Directors. "I just loved working for the EMS Agency and all the people in the office and those who were involved with the EMS System – ER, Fire and Ambulance personnel."



So while she immediately began to receive a retirement benefit from OCERS for her more than three decades of service to the citizens of Orange County, she quickly discovered she was not quite ready to stop working and preparing for her old age.

Indeed, for the dedicated Pam who had embarked on her career working for the government (Los Angeles County initially) when she was only 18, she discovered that after relocating to Beaumont with her husband Don she was soon back in the workforce. "I took four months off after I retired. I didn't accomplish all my



well-intended projects," Pam recalled. "I was having trouble adjusting and didn't know what to do without the structure of a job."

In part, because her husband was still working full-time, Pam found a job working for the Beaumont School District. She subsequently took another full-time permanent position working for the County of Riverside/Banning DPSS office as Secretary to the Regional Manager. Her plan was to work another 2-3 years, but 13 years later, she retired a second time. So, in January 2021, Pam – who recently celebrated her 70th birthday – began receiving a second retirement from the CalPERS system for her collective service with the School District and County of Riverside. Most of her final year in the workforce had her working remotely from home during the pandemic; she even made her own work cubicle in her dining room. "I got more done at home. However, I missed everyone."

Now that she is "officially" retired, Pamela has an important to-do list. "My plan is to rest a little, then organize the house, do some remodeling with Don, start an at-home cake-baking business, as well as traveling throughout the U.S." She also plans to spend more time playing the piano; she shares a passion of playing music with Don, a guitarist. Lastly, there is the new addition to the family - a one-year-old 80 pound Rhodesian Ridgeback 'puppy.' Pam and Don have "had lots of fun raising Cali (short for Calpernia, wife of Julius Cesar) since she was 8 weeks old."

As for her immediate plans, Pamela says: "I'm going to fire my lawn guy and do it myself." She loves working outside in the yard.





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## OCERS Portfolio as of December 31, 2020

As of December 31, 2020, the OCERS portfolio had a market value of \$19.3 billion, up from last year's market value of \$17.3 billion. For the 2020 calendar year, the OCERS portfolio generated 11.4 percent (net of fees) relative to the Policy Index return of 11.9 percent. Almost all of the OCERS sub-asset classes outperformed their respective benchmarks with the exception of Real Assets, which underperformed due to its energy exposure.

2020 was a historic year for capital markets that saw a number of unprecedented events. Most notably, the global spread of COVID-19 during the first quarter, which caused curtailment in economic activities that triggered a record setting severe sell-off in risk assets. Global policy makers responded quickly with significant fiscal and monetary easing measures. This factor, along with the approval of the vaccine later in the year, paved the way for a remarkable recovery with the S&P 500 generating 18.9 percent in 2020.



Despite the first quarter's historical levels of volatility, OCERS portfolio held up well as it ranked in the top 7 percent of all U.S. pension plans. During the second half of 2020, the Investment Team started implementing the new asset allocation – approved by the Investment Committee on April 24, 2020 – which, among other things, increased the plan's exposure to equities. Consequently, the Investment Team deployed \$800 million into global public equities during the second half of the year, benefitting from the rally that took place during that period. In addition, the team invested actively throughout 2020, focusing on strategies that would take advantage of opportunities that were present in that market environment.

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**Looking to attend an OCERS Seminar in 2021?**

▶ **Visit the OCERS website to register to attend an upcoming date via Zoom**

▶ **[www.ocers.org](http://www.ocers.org)**