At Your SERVICE

NEWSLETTER FOR MEMBERS OF THE ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM April 2023

CPI, the COLA and the 'COLA Bank'

On February 21, 2023, OCERS' Board of Retirement adjusted all applicable retiree benefit allowances by 3 percent effective April 1, 2023. The Cost-of-Living Adjustment (COLA) for eligible retirees is based on an increase in the Consumer Price Index (CPI) for All Urban Consumers for the Los Angeles-Long Beach-Anaheim area in calendar year 2022.

This year, OCERS' actuary reported an increase in the CPI for year-end 2022 of 7.45 percent. Per the Government Code, any increase or decrease in the CPI is rounded to the nearest one-half of one percent (7.45 percent is rounded to 7.50 percent) and provides that a maximum COLA of 3 percent shall be granted on every retirement eligible allowance.

OCERS members who began receiving benefits on or before April 1, 2023, will see a 3 percent COLA on their May 1 benefit payment; the remaining 4.5 percent will be added to each member's "COLA Bank."

When the annual COLA is less than 3 percent, positive balances in a member's COLA Bank can be used to provide them a COLA up to 3 percent.

The purpose of a COLA is to wholly or partly offset the effect of inflation on retirement income.

The way in which public pension COLAs are calculated and approved varies considerably. The good news for our members is that OCERS has a "Compounding COLA," meaning that the annual benefit increase received by payees is calculated based upon the original benefit as well as any prior benefit increases since retirement as a result of previous COLAs.

For more information on the COLA, visit OCERS' website at www.ocers.org/cola-and-star-cola.

All active and deferred members nearing retirement should attend an upcoming retirement seminar. Dates and times are posted online. Visit www.ocers.org/retirement-seminars and register to attend an In-Person Seminar or Online Retirement Seminar offered via Zoom.

At Your Service is written and designed by OCERS' Communications Department

Board of Retirement and Committee Meeting dates can be found online at ocers.org

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OCERS Special Durable Power of Attorney

It is important for all our members to understand the importance of having a special durable power of attorney for their OCERS retirement account.

Whether you are an Active, Retired or Deferred Member of OCERS, this will allow you to designate a representative to conduct retirement affairs on your behalf. A special durable power of attorney contains a "durability clause," which is a provision permitting a member's designated Attorney-In-Fact to act on their behalf even if they become incapacitated or otherwise unable to handle their own affairs.

The OCERS Special Durable Power of Attorney (POA) form has two distinguishing features:

1. It allows an OCERS member or their beneficiary to designate someone known as an Attorney-In-Fact to handle retirement affairs such as filing applications, making tax withholding elections, and endorsing checks.

2. It also contains a durability clause, which allows the Attorney-In-Fact to work on retirement matters on the member's behalf in the event the member becomes ill or incapacitated.

Why do you need a POA? As you age or experience illness, the chance that you may become unable to handle your personal business and financial affairs increases. You have the option to make the POA effective immediately or only upon the event of your incapacity.

If you make the POA effective immediately, then it will continue even after you, the principal, becomes incapacitated or unable to handle your own affairs. This special durable power of attorney must be dated and must be acknowledged before a notary public or signed by two witnesses.

Please visit the "Legal Forms" page on OCERS' website at www.ocers.org/post/legal-forms to access the Special Durable Power of Attorney Form and learn more related to the submission of the form.

Public Pensions Have Positive Impact on Economy and Taxpayers

A new study reveals that economic gains attributable to both private and public sector defined benefit pensions in the U.S. during the COVID-19 pandemic were substantial. According to "Pensionomics 2023: Measuring the Economic Impact of Defined Benefit Pension Expenditures," retiree spending of public and private section pension benefits in 2020 generated $1.3 trillion in total economic output, supporting nearly 6.8 million jobs across the nation. That means every time a payee goes to a grocery store, restaurant, or a theater, they are assisting the local economy.

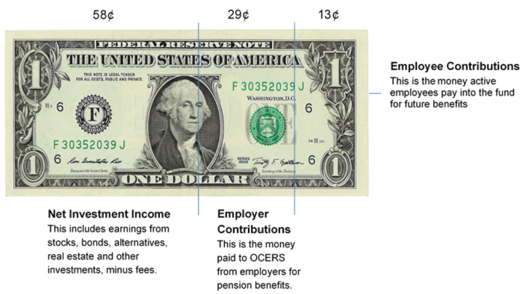
The purpose of Pensionomics 2023 (first published on the National Institute on Retirement Security website in January 2023) is to quantify the economic impact of private and public sector pension payments in the U.S. It also quantifies the impact of public pensions in each of the 50 states and the District of Columbia.

Among the key findings in the study is that benefits paid by state and local pension plans (including OCERS) support a significant amount of economic activity in the state of California. In 2020, more than 1.5 million residents of California received a total of $61.5 billion in pension benefits from state and local pension plans.

The average pension benefit for OCERS payees as of December 31, 2021, was $4,380 per month or $52,560 per year. These modest benefits provide retired public safety personnel, fire fighters, secretaries, bus drivers, park rangers, librarians and others who served the public during their working careers income to meet basic needs in retirement.

Between 1998 and 2021, 58 percent of OCERS' pension fund receipts came from investment earnings, 29 percent from employer contributions, and 13 percent from employee contributions.

OCERS Funding Sources for Benefits
(Net additions for the period 1998 – 2021)



Statewide, the story was largely the same as OCERS', 61 percent of California's pension fund receipts came from investment earnings, 27 percent from employer contributions, and 12 percent from employee contributions. Indeed, earnings on investments plus employee contributions have historically made up the majority of pension fund receipts.

Retiree expenditures stemming from state and local pension plan benefits supported 381,038 jobs in California. The total income to state residents supported by pension expenditures was $26.0 billion.

Visit the NIRS website to read the complete Pensionomics 2023 study: www.nirsonline.org/report/pensionomics2023.

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Disability Retirement Benefits Video Available

OCERS members interested in learning more about disability retirement benefits can now watch a new educational video that provides an overview about "Non-Service Connected Disability Retirement" benefits and "Service Connected Disability Retirement" benefits.

A member who has an illness or injury that permanently prevents them from performing their usual job duties may be eligible to receive a disability retirement benefit from OCERS.

In order to receive a Non-Service Connected Disability Retirement, a member's illness or injury must be permanent and **not** caused by their employment with an OCERS-covered employer. Members must have at least five years of service credit to qualify for this benefit.

In order to qualify for a Service Connected Disability Retirement, a member's injury or illness must have arisen out of - or was - exacerbated by their employment with an OCERS-covered employer. The member's length of service is not a factor in determining their eligibility for service connected disability retirement.

View the video and learn more disability retirement benefits at:
www.ocers.org/instructional-video/overview-ocers-disability-retirement-benefits.

Did you know OCERS is a great place to work, offering an exciting & rewarding career?

We take pride in providing superior service to OCERS members and employers

Visit our "Careers at OCERS" page: www.ocers.org/careers-ocers