



LOOKING FORWARD... TO THOSE GOLDEN YEARS

Ensuring Tomorrow's Benefits through Prudent Management

Winter 2012

PEPRA Defines New Members



Since the majority of the provisions in PEPRA affect new members on or after January 1, 2013, it's important to understand what factors constitute a "new member" under this new law.

New Member

Individuals meeting any of the following conditions are considered to be current members:

- An individual who becomes a StanCERA member for the first time on or after January 1, 2013
- An individual who is a member of a reciprocal retirement system but ineligible for reciprocity prior to January 1, 2013
- An individual who is reentering StanCERA but with a different employer on or after January 1, 2013

Current Member

Individuals meeting any of the following conditions are considered to be current members:

- Active member of StanCERA prior to January 1, 2013
- Deferred member of StanCERA prior to January 1, 2013, who returns to active membership with the same employer
- An individual who becomes a member on or after January 1, 2013, who is eligible for reciprocity based on membership in a reciprocal system on or before December 31, 2012*
- Former member of StanCERA who terminated membership and withdrew his or her accumulated contributions prior to January 1, 2013, and later returns to same employer and must redeposit withdrawn contributions.

**To be eligible for reciprocity, you must meet the requirements, one of which is, within six months of terminating from a public agency, you must become a member of another public agency covered by a reciprocal retirement system within California. For additional information, check www.stancera.org.*



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of the Stanislaus County
Employees' Retirement Association

Public Employees' Pension Reform Act "PEPRA"

On January 1, 2013, the California Public Employees' Pension Reform Act of 2013 (PEPRA) went into effect. As you may know, StanCERA is governed by the County Employees Retirement Law of 1937 (CERL). As of January 1, 2013, we are also governed by PEPRA.

The 60-page law, which can be found in the California Government Code, is complex and broad-reaching. Basically, PEPRA affects new StanCERA members on or after January 1, 2013, through provisions affecting benefit formulas, the definition of what comprises pensionable earnings, limits on pensionable earnings, and other matters. The new law also calls for new members to pay 50% of the normal cost of benefits and strengthens the rules involving pension forfeiture for public employees and elected officials who commit job-related felonies.

Although most PEPRA provisions affect new StanCERA members, a few sections do apply to current members, such as
1.) New rules for Retirees returning to temporary work with an employer covered by StanCERA, 2.) Pension forfeiture for felons and, 3.) Bonuses can no longer be included in the Final Average Salary

Pension Forfeiture

Prior to January 1, 2013, California Government Code §7522.70 provided for the forfeiture of all retirement rights and benefits by any elected public officer convicted of any felony arising directly out of his or her official duties; however, the statute allowed a convicted official to receive his or her retirement benefits if the governing body of the elected official's employer so authorized.

Section §7522.72 broadened as of January 1, 2013, and established pension forfeiture, without exception, for all public employees convicted of a job-related felony. Section §7522.56 established pension forfeiture for any public employee first employed, elected, or appointed to an office before January 1, 2013. Section §7522.74 established pension forfeiture for any public employee first employed, elected, or appointed to an office after January 1, 2013. Both sections require the forfeiture of "all accrued rights and benefits in any public retirement system" by any public employee convicted of any felony, as of the earliest date of the crime "for conduct arising out of or in performance of his or her official duties, in pursuit of the office or appointment, or in connection with obtaining salary, disability retirement, service retirement, or other benefits."



StanCERA's Newest Team Member!

A "Congratulations" goes to Kellie Gomes as the newest member of StanCERA's staff. Kellie took the short walk from the C.E.O.'s office to become StanCERA's new Executive Board Secretary and we are pleased she did.

Kellie brings with her a high-level understanding of Human Resource, as well as in Payroll functions. As a matter of fact, the caliber of expertise she brings in these areas has already increased the efficiency of the office!

As the Executive Board Secretary, Kellie is also bringing a very proficient understanding of how to setup and run large scale meetings. We couldn't have invested in a better prospect, and we truly believe StanCERA is better off because of it!

Returning to Work: 960 Hours Rule

Under the County Employees Retirement Law (CERL) a StanCERA employer may hire back a retiree who the employer believes possesses special skills or knowledge on a temporary basis. The eligible retiree may return to work for a period of up to 960 hours in a calendar year and continue to receive his or her retirement allowance. During this post-retirement employment the retiree will not accrue any additional StanCERA pension benefits, nor will he, she, or the employer pay contributions for this service. **These provisions have not changed.**

Section §7522.56 PEPPRA 2013 does allow an employer to hire back a retiree on a temporary basis during an emergency; however, it did change a number of the requirements pertaining to the "960 Hours Rule."

Effective January 1, 2013, the following rules apply to all retirees:

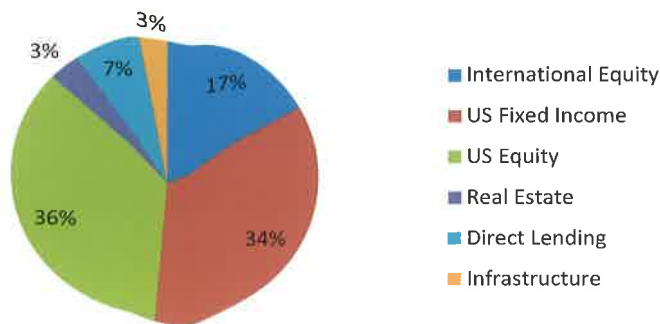
1. Retirees must wait 180 days from their date of retirement before returning to work for a StanCERA employer on a temporary basis, except under the following conditions:
 - If the employer can certify it is necessary to fill a critically needed position and the hiring has been approved by the employers' governing board in an open meeting.
 - If the retiree is a public safety officer or firefighter.
 - If the retiree was already working for a StanCERA employer on a part time temporary basis on December 31, 2012.
2. During his or her temporary employment or contract period the retiree shall be paid at a rate not less than the minimum nor greater than the maximum rate paid by his or her StanCERA employer to other employees performing comparable duties.
3. During his or her temporary employment or contract period the retiree shall be limited to 960 hours in a calendar year.
4. Any retired person is prohibited from being re-employed with the County if, during the 12-month period prior to the appointment, the retiree received unemployment insurance payments arising out of prior County employment. Upon accepting an offer of employment, a retiree must certify in writing that he or she is in compliance with this requirement.

Funding the Fund

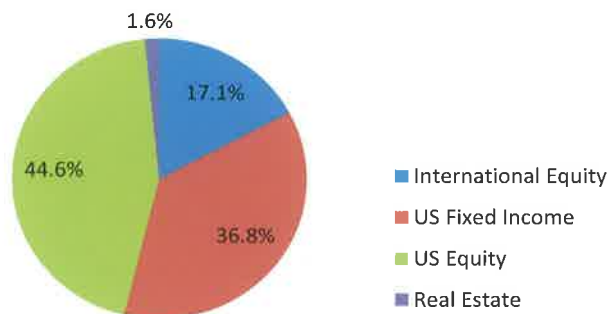
Diversification and a good plan are paramount in maintaining a healthy investment portfolio. The Board of Retirement, with the assistance of the Investment Consultant and other experts, develops the plan and determines how to diversify the portfolio. Periodically a complete study is done to determine whether or not the plan needs to be adjusted. On November 7, 2012 the Board met for an all day work shop and revised the asset allocation to better meet the future goals of the plan.

The approved asset mix lowered the percentage of funds to be invested in U.S. Equities and Fixed Income, added alternative investments in Direct Lending and Infrastructure and increased the percentage to be invested in Real Estate.

Approved Asset Mix



Current Asset Mix



Direct Lending is a sub-segment of the fixed income asset class that supports the financing of middle-market companies with non-traditional sources of capital from institutions such as pension funds, insurance companies and other institutional investors. Infrastructure is a long term investment into a nation's basic system of transportation, communication, and other aspects of its physical plant.

Alternative investments, such as Infrastructure, Direct Lending and Real Estate, are utilized by pension funds across the country to strengthen, diversify and improve investment earnings.

"1099-R FAQ's"

Who Receives a 1099-R from StanCERA?

Retirees, Retiree Survivors, Refunded Members

Does StanCERA have my current address?

Don't delay receiving your 1099-R, please insure we have your current address on file. An Address Change form is available at www.stancera.org.

When will my 1099-R be mailed?

In compliance with Internal Revenue Service (IRS) regulations, your Form 1099-R was mailed on January 28, 2013. The IRS requires StanCERA to file a 1099-R to report any retirement fund distributions made to you during the year.

Need a re-print of your 1099-R?

Re-prints of 1099-R can be produced by request after February 15th for the prior tax year's distributions.

StanCERA Word Search

C N R V V O H X C K O O H O K
S O O E Y T I C O R P I C E R
T L N I F S H U M E T M L K K
A Q T T S O B Q P G I E W Y X
N R P N R N R E E A O M M R J
C W E U E I E M N R N B T A D
E X S I E M B P S E S E A L K
R D L E T M E U A V F R K A F
A N E W Z C P R T A A I D S G
E C I V R E S L I I Z B T E N
R E Y O L P M E O T O P C S I
P O P U B L I C N Y E N A A T
N O R M A L C O S T E R S B S
S H A R I N G S A R P E P S E
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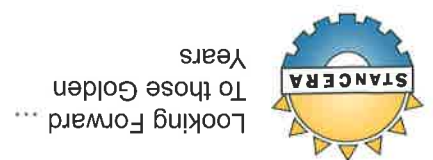
- | | | |
|------------------|-----------------|----------------|
| 1. Act | 9. Member | 17. Reform |
| 2. Average | 10. New | 18. Retirement |
| 3. BaseSalary | 11. NormalCost | 19. Service |
| 4. Benefit | 12. Options | 20. Sharing |
| 5. Compensation | 13. Pension | 21. Six |
| 6. Contributions | 14. PEPR | 22. StanCERA |
| 7. Employees | 15. Public | 23. Tier |
| 8. Employer | 16. Reciprocity | 24. Vesting |

Solution: www.stancera.org home page



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Retirement Association
P O Box 3150
Modesto CA 95353-3150

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Stanislaus County Employees'
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832 12th Street, Suite 600
Modesto, CA 95354

Board of Retirement

Gordon B. Ford - Vice Chair

Maria De Anda

Donna Riley

Ron Martin

Mike Lynch

Jim DeMartini

Darin Charat - Chair

Michael O'Neal

Joan Clendenin

Alternate Retiree Representative
Jeff Grover

Executive Director
Rick Santos

Retirement Questions:

StanCERA

P (209) 525-6393

F (209) 558-4976

website: www.stancera.org

E-mail: retirement@stancera.org

Retiree Health Insurance*

RESCO Insurance Hotline

P (209) 566-1186

Board of Retirement Meetings are held the second Wednesday and the fourth Tuesday of each month (with some exceptions), located at 832 12th Street, Modesto 6th Floor in the Wesley W. Hall Board Room at 2:00 p.m.

The StanCERA newsletter is intended as a source of information, not a legal document or a substitute for the law. If differences appear between the law and the newsletter, the law will prevail.

*StanCERA and RESCO are two separate organizations. StanCERA does not administer Retiree Health Insurance.

Board of Retirement Meeting Schedule*

10/09/13	07/10/13	04/10/13	(No Mtg.)
10/22/13	07/23/13	04/23/13	01/22/13
11/26/13	08/14/13	05/28/13	02/13/13
12/11/13	09/11/13	06/12/13	03/13/13
01/24/13	09/24/13	06/25/13	03/26/13

*To View Board actions, please visit our website at www.stancera.org under Agenda and Minutes.

Retiree Payroll Dates

10/01/13	07/01/13	04/01/13	01/02/13
11/01/13	08/01/13	05/01/13	02/01/13
12/02/13	09/03/13	06/03/13	03/01/13

StanCERA Office Closures

02/18/13

