

REMCO NEWSLETTER

Retired Employees of Merced County March, 2012



The quarterly luncheon will be held on **Tuesday, March 13, 2012** at the *Merced Elks Lodge*, 19th & "M" Streets, Merced. The doors will be open at 11:30 AM. The program will begin at 12 Noon and lunch will be served at 12:30 PM. Reservations are a must so the proper amount of food can be prepared. REMCO is required to pay for the number of meals ordered so unpaid reservations come from our treasury. The following people will accept your reservation:

Delores White 723-4002
Shirley Winton 725-3151

Officers & Board of Directors

President: Lola Barnett	658-5109
niftyld@aol.com	
Vice President: Kaye Greeley	394-9091
Secretary: Lavon Justice	722-8202
Treasurer: David Baker	722-1494
Director: Michael Sofranek	374-3465
Director: Marie McDonagh	723-0917
Director: Vivian Stierwalt	723-7065
Director: Linc Clendenin	722-1306
Director: Scott Johnston	617-2126
Director: Ron Kinchloe	409-8394
Past President: John Carlisle	722-9249
Retirement Bd Rep: Sandy Teague	722-2007
Retirement Bd Alt: Ron Kinchloe	409-8394
Appointed Staff	
CRCEA Delegate: David Baker	
CRCEA Delegate: Sandy Teague	
Newsletter Editor: John Carlisle	722-9249
jbc76@sbcglobal.net	



Happy New Year Everyone! As I sit at my computer drinking my morning coffee and thinking "WOW another year has come and gone". Although I wish they wouldn't go so by so fast - or maybe it just seems like the years are going by too fast!

We had a wonderful Christmas luncheon! I don't know the total count but we had a packed house. Gloria Coronas and her husband John provided the entertainment, which was enjoyed by all and the Elks Lodge, as usual, did an excellent job. Thanks to the generous donations we received and we gave away a bunch of raffle prizes. I would like to thank everyone who donated a prize and to the retirees who purchased tickets, we were able to give back one half of our ticket sales to retirees as raffle prizes.

In reviewing the MCERA agenda for January, 2012, I noticed that we had an estimated 82 county employees join the ranks of retirees. We hope they will all consider joining REMCO. So if you have any friends that recently retired please encourage them to join REMCO.

We are now starting a new year hopefully with some good news. I understand that at the February 9th 2012 MCERA meeting the Board is considering a vote to grant a COLA to eligible retirees if approved you should see that raise in your April check. However there is always a kicker in between the good news, it's usually followed by bad news. Just a reminder the tax man cometh in April and there are groups out there that are providing tax services for our members.

It is scholarship time again. Applications are available on the website at www.REMCOMERCED.com and I will have a supply at the March 13th meeting. Remember **all applications must be postmarked by April 20th 2012** to be considered.

Mike Sofranek was able to contact Castle Museum and resolved issues concerning Castle Museum Tickets. We

will be given ten tickets per year which we will have available at our March meeting. The tickets will be given out on a first come first served basis. Depending on the number of requests received we will provide at least one ticket per retiree.

REMCO meetings this year are MARCH 13th, JUNE 12th, SEPTEMBER 11th AND DECEMBER 11th 2012 – the second Tuesday of each of those months. Please make your reservations at least one week in advance of the meeting.

I and the Board of Directors will continue to be vigilant in keeping REMCO members current and up to date on issues that may affect your retirement benefits. Should you have any questions or concerns please do not hesitate to contact me or a Board member.

Have an enjoyable day and we hope to see you at the March meeting!

C.R.C.E.A.
By David Baker

Retired Employees Of Merced County (R.E.M.C.O.) is a proud member of the California Retired County Employees Association, (C.R.C.E.A.). I gave a very brief history of C.R.C.E.A. at the December 2011 luncheon and would like to take this opportunity to provide some of this information to those that couldn't attend that luncheon.

C.R.C.E.A. is composed of the 20 "1937 Act" counties in the state. These are the same counties that belong to the State Association of County Retirement Systems (S.A.C.R.S.), which is governed by the "1937 Act", which refers to the set of laws that determine how county retirement systems (Merced included) administer the retirement funds from which pension benefits are paid.

Twice a year the C.R.C.E.A. counties meet for conferences; featuring speakers with information about the latest information on defined benefit plans and other information. Conference presentations have included topics on; Social Security and Medicare-current issues, Pension Views, 'Theirs and Ours',

Public Pension Perspectives, Hot topics re County Retirement Systems, and Health Care Reform.

As a former trustee for Merced County Employee Retirement Association (M.C.E.R.A.) the only difference I observed between S.A.C.R.S and C.R.C.E.A. conferences was S.A.C.R.S. emphasis is more geared toward training on investment strategies.

More importantly, at every C.R.C.E.A. conference there is a legislative report, ("The Sacramento Scene") presented with current information on retirement benefits and bills being considered by the California Legislature that could affect 37 act retirees. Over the decades C.R.C.E.A. has been responsible for 250 legislative changes. **The 20 counties are a strong voice in creating new laws to oversee and protect the benefits you were promised.** C.R.C.E.A. also has paid consultants in Sacramento who lobby legislators for retirement related issues and keep C.R.C.E.A. aware of what is happening in the legislature. They help protect our interests. At round table sessions counties exchange information on issues that may have an impact on their retirees medical or other benefits. Our continued participation allows us to keep abreast on what other associations are facing, and alerts us to the "danger signs" so that we are better prepared in dealing with our own retirement boards and Board of Supervisors. Other counties issues and/or possible threats can later become issues or threats in our county.

C.R.C.E.A. conferences are held in member counties on a rotating basis. Sonoma and Mendocino Counties hosted the last conference I attended. REMCO may want to consider lending our support to a neighboring C.R.C.E.A. association to assist in hosting a future conference, as a show of our support, and to assist in C.R.C.E.A.'s mission of providing a central coordinating group, in which the desires and objectives of local county associations "may be advanced".



The next scheduled conference will be April 16-18, 2012 in Visalia, CA and will be hosted by Tulare County Retired Employees Association. Any member of a member county association (like REMCO) may attend. For more information about C.R.C.E.A, their objectives, concerns, bylaws, legislative issues, etc., please go the website at www.crcea.org. REMCO pays yearly dues to belong to CRCEA and most of those familiar with CRCEA believe it is money well spent to help protect our members. All 20 "1937 Act" county retirement systems in the state belong to CRCEA.



**MCERA
THE GOOD
AND THE BAD!**
By John Carlisle

The good is pretty simple – on Thursday February 9, 2012 the Retirement Board formally adopted, as required by law, the annual Cost Of Living Allowance (COLA) rate for April 1, 2012. It is 3%, which is the maximum amount allowed by law. This was done according to Section 31870.1 of the County Employees Retirement Law of 1937 (the "1937 Act").

The COLA is based on the comparisons of the "All Urban Consumers Price Index for the San Francisco-Oakland-San Jose Area" for the 2 previous Decembers and it showed an increase in the CPI of 2.93%. Section 31870.1 requires it to be rounded to the nearest one-half percent, which results in a **3% COLA for 2012** for all "Tier 1" members! (Tier 2 members do not receive an automatic COLA.) Those Tier 1 members with "carry over" balances in their MCERA "bank" continue to carry over and can continue to use the amounts in their bank in the future if a COLA is less than 3% to increase it to 3%, as usual.

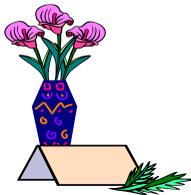
Now for the bad – also at the February 9 meeting Deputy County Counsel Michael Calabrese presented the MCERA Board with a "review of fiduciary principals", something I have tried to get the

Board to clearly understand for some years. While I personally believe there is a bit of a conflict here, because Mr. Calabrese works for Merced County Counsel (who is the legal advisor to the Board of Supervisors) and he is also providing legal advice to MCERA, he gave a fairly objective legal summary of the Board's fiduciary responsibilities. But the Board, in my opinion, failed to live up to those responsibilities on the very next agenda item. After a "review" of the amortization period (or "smoothing out") for the county's debt to MCERA the Board voted to increase the period from 17 to 18 years. This will "save" the County between 4 and 5 million dollars in the next year, which is obviously nice for the County. However, it also means it will "cost" the MCERA trust the same amount of money and that means it will increase the unfunded liability of the fund in the end. And the fund is already at dangerously unfunded levels. While I appreciate the County's budget problems, I believe the MCERA Board failed to recognize its **primary** responsibility is to the fund, not to the County. By giving them permission to not pay a legal debt to the fund in a timely manner, it puts the fund at greater risk once again.

And to finish with a bit of good news, the December, 2011, MCERA election results returned Leon "Sandy" Teague as the 8th Board member and Ron Kinchloe as the retiree's alternate once again. Congratulations to both of these REMCO members!



There were well over eighty (80) recent retirements due to a one time "incentive" to retire offered by the County. We will present an up-to-date list in the next newsletter.



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