

ICERS' Insights

Newsletter for Members of the Imperial County Employees' Retirement System

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Welcome

My hope is that this newsletter finds you and your loved ones healthy, safe and managing to the best of your ability during what has been truly extraordinary times. It's been a rough year and we here at ICERS' are anticipating the day when we can get back to some sense of normalcy and begin seeing everyone's smiling faces again.

In this, our first issue of ICERS' new bi-annual newsletter, we wanted to get everyone reacquainted with the Retirement System and convey a few of the basic aspects of the plan so as to not overwhelm anybody.

Down the road, this newsletter will be a place to enlighten you to the many intricate processes we deal with over here in our small corner of the world. Aside from the financial and actuarial aspects of our operations, we'll also be exploring all of the topics you are (or are sure to be in the future) interested in like the different types of service buybacks, retirement planning and calculations, pension benefit options, etc.

This will also be a place to find out about the myriad of issues our Board of Retirement deals with like changes in the Retirement Law which affect our benefits, investment opportunities on the horizon and the general health of the Retirement System.

At the end of the day, we want this newsletter to be about YOU! All the Active Members and Retirees' ICERS' has the privilege of serving. We welcome your comments and suggestions so if there is a hot topic you'd like explored or a simple question you'd like answered for the group, please feel free to drop us a line.

~Scott W. Jarvis
Retirement Administrator

ICERS Insights is published for members of the Imperial County Employees' Retirement System (ICERS).

It is written and designed by ICERS staff unless otherwise noted.

Member comments and suggestions should be directed to: icers@co.imperial.ca.us or Phone: (442) 265-7550

Board of Retirement

Karen Vogel

1st Seat
Ex-Officio Member

Patricia Lizarraga

2nd Seat
General-Elected Member

Suzanne C. Bermudez

3rd Seat
General-Elected Member

Luis A. Plancarte

4th Seat
County Supervisor

Norma K. Jauregui

Chair
5th Seat
Appointed by Board of Supervisors

Vacant

6th Seat
Appointed by Board of Supervisors

Thomas Garcia

Vice-Chair
7th Seat
Safety-Elected Member

David H. Prince

Secretary
8th Seat
Retiree-Elected Member

Lizandro Escobosa

9th Seat
Appointed by Board of Supervisors

Vacant

10th Seat
Alternate Safety-Elected Member

Argelia "AJ" Gaddis

11th Seat
Alternate Retiree-Elected Member

Board Meetings

Meetings are typically held at 9am on the third Wednesday of every month at the Board chambers located on the second floor of the County Administration Bldg. located at 940 West Main Street in El Centro.

Agendas and minutes are posted online at: [icers.imperialcounty.org](https://www.icers.imperialcounty.org), under "Reports and Forms".

Board News



Did you know?

The Retirement Board is ICERS' governing body with the fiduciary responsibility to invest money and administer benefits of the retirement system for all members and beneficiaries. All members of the Board are volunteers who bring their energy, commitment and expertise to the task of managing the fund and setting policy related to all aspects of the plan's operation with the assistance and support of ICERS' staff, professional advisors and investment managers, serving for the benefit of our membership.

Comings and Goings

It's never easy saying goodbye and towards the end of 2020, two of the Board's revered Trustees decided to retire and move onto to new adventures. ICERS' bids a fond farewell to Terry Huskey (Eleventh Seat-Alternate Retiree) and David West (Sixth Seat-Public, Appointed). We wish them both the best in their new endeavors. They will be dearly missed.

During this same time, ICERS' also held elections for its Safety, Retiree, and Alternate's seats as well as two seated appointments. Congratulations go out to: Thomas Garcia for retaining his Seventh Seat-Safety Member; David Prince for retaining his Eighth Seat-Retiree Member; Lizandro Escobosa for his re-appointment to the Ninth Seat-Public, Appointed; and a warm welcome to our newest Trustee, Argelia "AJ" Gaddis who has been elected to the Eleventh Seat-Alternate Retiree position. All terms began on January 1, 2021 and run for three years.

Vacancies

ICERS' Board currently has two vacancies:

Sixth Seat-Public Member - The County of Imperial Board of Supervisors will appoint a member of the public who is an Imperial Valley resident and meets other eligibility requirements. Interested residents should contact the County Board of Supervisors for more information: <https://board.imperialcounty.org/>.

Tenth Seat-Alternate Safety - During a normal election cycle the candidate with the most votes becomes the Seventh Safety Member and the closest runner-up from a different Safety classification (law enforcement, fire suppression, probation) becomes the Alternate Safety Member. Due to the unopposed election of our current Trustee, the Board of Retirement may now appoint a qualified Safety member for the remainder of the current term. Interested Safety members should contact ICERS for more information at icers@co.imperial.ca.us.

Actuarial Valuation Report Adopted

In December, the Retirement Board adopted the June 30, 2020 Actuarial Valuation Report, which includes updates to the plan's funding status as well as employee and employer contribution rates effective July 1, 2021.

ICERS retains an independent actuary to perform an annual actuarial valuation. The actuarial valuation determines the plan's liabilities and measures the liability against the assets available to pay benefits including any shortfalls (unfunded liabilities). This information, along with the demographic make-up of the plan, forms the basis for establishing the actuary's recommendations for employee and employer contribution rates for the upcoming fiscal year. The Retirement Board considers the actuary's recommendations in adopting the appropriate contribution rates, which are then conveyed to all participating employers for implementation.

Funding Status

As reported in the valuation, the plan's funded ratio decreased as of June 30, 2020 to 84.8%, down from 87.1% the prior year, and the plan's unfunded liability increased to \$166.4 million, up from \$129.1 million the prior year. As of the measurement date, assets available to pay benefits totaled \$895 million.

Contribution Rates

Effective July 1, 2021, Contribution rates will be increasing for both Legacy and PEPRAs Employee tiers as well as for all Employer Groups. Once the County Board of Supervisors ratifies the 2021/2022 contribution rates (typically during one of their June meetings) they will be available on ICERS' website.



That's Interesting!

In addition to outlining ICERS' assets and liabilities, actuarial assumptions and recommended contribution rates, the actuarial valuation report also contains statistical membership data. While the tables in the report provide a wealth of information, they won't show these interesting membership data highlights as of June 30, 2020.

Age of Oldest Active Member:
79.8 years

Age of Oldest Retiree:
100.8 years

Age of Youngest Active Member
20.6 years

Most Service Credit for an Active Member:
43.1 years

Percent of Retirees in California:
84%

Number of Retirees Living in Other Countries:
1



Current contribution rates can be found on ICERS' website at: icers.imperialcounty.org/#contribution.

Retiree COLA Affirmed



Eligible retirees and beneficiaries will receive a cost of living adjustment (COLA) in April.

Calculating the COLA

The COLA is calculated as required in the County Employees Retirement Law (CERL) based on changes in the Urban Consumer Price Index (CPI) for the Western Region. The CPIs for the two prior calendar years are averaged and rounded to the nearest half-percent. Each retirement tier has a maximum COLA of 2%. You will only receive up to the maximum COLA for your tier even if the change in the CPI is higher. This year, the average of the two CPIs shows an increase of 1.74%, which rounds to a 1.5% COLA for 2021. COLA's are automatically included in the pension checks distributed at the end of April.

COLA Banking

If your maximum allowable COLA is less than the increase in the CPI, the difference is "banked" for possible use in a future year (as provided by law). If the change in the CPI is less than your maximum allowable COLA, we will make a withdrawal from your COLA bank, if available, in order to bring your increase up to the maximum allowable. This year, retirees who had retired before April 1, 2020 will receive the full 2%; Members who retired on or after April 1st of 2020 will only receive the allotted 1.5% as mentioned above.

COLA? COLA? COLA?
COLA? COLA?

Frequently Asked Questions

Why do ICERS' members have a retiree COLA?

ICERS' plan is governed by the part of the California Government Code known as the County Employees Retirement Law of 1937, referred to as the CERL or the 1937 Act. While most of the provisions of the CERL are required, some of them are optional and must be adopted by participating employers in order to be effective. You have a future COLA because your employer adopted the sections of the CERL that provide a COLA to retirees.

Does the Retirement Board grant the COLA?

No. Your COLA is set as part of your tier and was established by your employer when your tier was created. The Retirement Board's job is to determine whether ICERS' actuary has calculated the COLA correctly, affirm the correct calculation, and apply the COLA to your benefit, if there is one, for that year.

Who pays for the COLA?

Both employees and employers share equally in funding future retiree COLAs through their contributions. When the actuary calculates contribution rates for the plan, a portion of the normal cost rate includes the future cost of the COLA. It is one of the many assumptions that are used in ICERS' funding model.

Does the retiree COLA increase ICERS' unfunded liability?

Since the cost of your future COLA is paid for through employee and employer contributions, the COLA itself does not increase ICERS' unfunded liability. The amount of contributions required to fund all ICERS benefits is based on actuarial assumptions. If one or more of the actuarial assumptions are not met, including the expected long-term average COLA for the plan, then there may be an increase in the unfunded liability. Likewise, if the annual COLA is less than the amount used to fund the cost of the plan there may be a decrease in the unfunded liability.

I'm thinking about retiring before the end of March, either this year or next so I can receive the April COLA. How soon can I find out what next year's COLA will be?

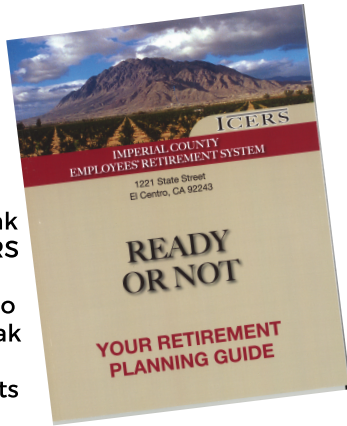
The Retirement Board affirms the actuary's calculation of the COLA every year at the February Retirement Board meeting, which is generally held on the third Wednesday of the month. The COLA information is always available after this meeting.

Bulletin Board

(Info for Active Members & Retirees)

Thinking About Retiring?

It's never too late to think about retirement. ICERS has a wealth of information available to you. Whether you speak with one of our knowledgeable Benefits Specialists or peruse through our Retirement Planning Guide, we're here to make sure you're prepared.



Attention Retirees!!!

Need to Adjust Your Tax Withholding?

As a retiree, you have the option to elect whether to have Federal or State tax withheld from your ICERS benefit and at whatever rate you choose. You may elect not to have a withholding applied to your benefit, choose an amount based on the tax withholding tables, or request a specific dollar amount. For those who have elected to have taxes withheld using the tax withholding tables, please keep in mind that these tables may change annually or during the year.

If at any time you wish to change your tax election you may do so by completing new Federal and/or State tax withholding forms and returning them to ICERS. Forms are available at: <https://icers.imperialcounty.org/reports-and-forms/#forms> or upon request.

If you have questions about tax withholding you should seek assistance from licensed professional advisors.

Is March the best time to retire?

Some members choose to retire on or right before March 31st because it allows them to immediately take advantage of any retiree COLA that may be granted on April 1st. There are, however, other factors that you may want to consider when selecting your retirement date:

Your Age

When you retire your current age, as well as the age you were when you joined ICERS, is converted to a percentage used to calculate your benefit. This percentage increases every quarter-year until you reach the maximum age of your benefit tier's formula. Selecting a date based on one of these quarters may be more beneficial to you.

Overall Retirement Income

Consider your ICERS benefit along with all the other income replacement sources you anticipate such as Social Security (if eligible), deferred compensation accounts like 457b/401k plans, and your personal savings. These sources combined will go a long way in helping you determine the appropriate date.

MEMBERSHIP IN ICARE

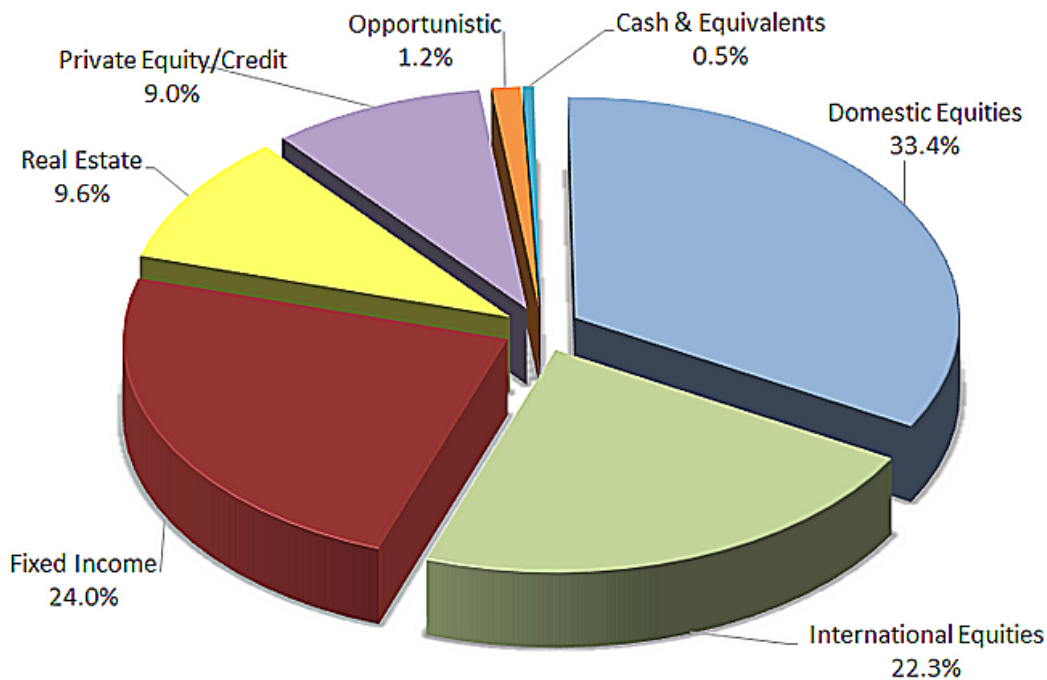
The Imperial County Association of Retired Employees (ICARE) is a non-profit organization that serves retirees of ICERS' participating employers. ICARE's purpose is to promote the welfare of ICARE members and their beneficiaries on a continuing basis; to provide a venue for meetings and social activities for our members, their beneficiaries, and their families; to support community activities and projects concerned with the general well-being of the community, and its residents; and by the dissemination of pertinent and timely information regarding retirement issues of interest to the membership; to provide current education and information to members; advise membership of legislation and policy affecting retirees; and coordinate group support on issues of special interest and concern to the membership.

Along with a quarterly newsletter that reports on issues important to retirees, ICARE members also receive access to supplemental medical, dental and pet insurance programs through Pacific Group. ICARE members meet on the first Thursday of each month for luncheons that include a social hour and guest speakers.

If you're interested in joining ICARE please reach out to one of the staff members here at ICERS and we will gladly put you in contact with someone who can answer your questions.

Membership dues are \$10 per year and can be easily deducted from your February ICERS retirement payment.

Investment Portfolio as of December 31, 2020



Domestic Equities	\$ 339,538,300
International Equities	\$ 226,429,932
Fixed Income	\$ 244,170,141
Real Estate	\$ 97,245,243
Private Equity/Credit	\$ 91,476,651
Opportunistic	\$ 12,395,284
Cash & Equivalents	\$ 4,780,277
Total	\$ 1,016,035,828

Contact Us...

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Important Note

ICERS staff prepared this newsletter to help our members understand issues surrounding many aspects of their retirement benefits. The information contained herein is not intended to be all-inclusive. The information is general and is written to be as understandable as possible while remaining accurate. ICERS is governed by state and federal law. If any conflicts arise between the information presented and applicable law, the law will prevail. ICERS staff is unable to address specific legal or tax-related questions. If you have legal or tax-related questions about your retirement, please consult competent legal or tax counsel.