

February 2020

The Fiduciary

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Pension Talk



San Luis Obispo County Pension Trust
1000 Mill Street
San Luis Obispo, CA 93408
805/781-5465

SLOCPT Member Portal

SLOCPT's new pension administration system includes a greatly enhanced Member Portal.

Personal Identification Numbers (PINs) are being mailed to all Members in phases through May. With your PIN you can set up login credentials on the SLOCPT Member Portal, access your account information and do retirement estimates. *See page 2 for more info.*

Our general information-only website is at www.slocounty.ca.gov/Departments/Pension-Trust

Retiree COLA

See page 3

Could My Pension Be Changed?

Anxiety... It crops up every now and then when employees wonder about possible changes to their pensions. Under existing California Supreme Court case law, California has strong constitutional protections for public sector pensions—what is commonly referred to as “Vested-Rights”. This case law is why the statewide pension reform in the 2012 Public Employee Pension Reform Act (PEPRA) applied only to new hires starting in 2013. PEPRA did not significantly change the core pension benefits for employees who, prior to January 1, 2013, were already members of a public retirement system. Although PEPRA did change some non-core facets of pension benefits that were not part of the SLO County retirement plan (e.g., outlawing “airtime” purchases of pension service credit for time not worked as CalPERS formerly allowed).

Under current law, any changes to pension benefits would be the subject of negotiation with unions and would apply to future new-hires and not to existing employees.

Investments 2020 — oh my!

Anxiety... It crops up when investment markets are volatile and falling on bad news. The current coronavirus pandemic has spooked stock markets over the impact on global business (e.g., airlines, cruise ships, supply chains from China). With the S&P 500 stock index closing March 6th down 13% from its all-time high in February, worry is understandable.

The SLOCPT invests in a diversified mix of stocks, bonds, real estate and other assets. While the 40% allocated to stocks is down, the 30% allocated to bonds is up so far this year and the 15% allocated to real estate is steady. Patience in investing with a moderate level of risk is prudent. Trying to time markets never works.

Divorce and your pension

Divorce is generally something that we would rather not go through— but sometimes it happens. When it does, you must contact the SLOCPT early in the process to get it done right.

Why is it important to include your pension when you get divorced? Because **California is a Community Property state and pensions MUST be addressed in your final divorce Judgment and/or your Marital Settlement Agreement (MSA).**

Do you have to split up your pension in divorce? Not necessarily—your final Judgment or MSA can include your pension in a “you keep yours / I’ll keep mine” manner, where each party is awarded their own pension as their “sole and separate property.” Or the final Judgment or MSA can divide your pension benefit when you retire on some ratio where you both agree. A common method is a “time-rule” division. In this calculation the ratio of the years you were married during your County employment is multiplied by some agreed upon share (usually 50%), and the resulting percentage of your benefit is allocated for payment to your ex-spouse.

Or your account can be “split” apart and your ex-spouse receives their own pension account with some agreed upon share of your pension contributions, accrued interest and Pension Trust Service Credits (PTSC’s).

What if your final divorce Judgment or MSA does not address your SLO County pension? It could delay getting paid your retirement benefits—eeeeeks! If you were married while accruing PTSC’s, and your final Judgment or MSA is silent about your pension, all the SLOCPT knows is that your ex-spouse has a community property interest in your pension, but we don’t know how much to pay to either one of you.

For this reason you will want to make sure your final Judgment or MSA includes your SLOCPT pension. If an old divorce Judgment or MSA does not include the pension, you must get it modified or amended to address it.

See: [Community Property and the Pension Trust](#) on the Pension Trust website “Publications” page

Interest Crediting Rates... and why you may or may not care about them.

Active employee members of the SLOCPT have their pension contributions go into an “Accrual Account.” You receive a statement of your Accrual balance at the start of each year. Accrual Account balances earn interest at a rate that is set each year by the Board of Trustees. **For 2020 the interest crediting rate for Accrual Accounts is 6.00%.**

Some active members also have Additional Contribution accounts. **For 2020 the interest crediting rate for Additional Contribution Accounts is 1.55%.**

See: [Interest Crediting Rates 2020](#) on the Pension Trust website “Whats New” page for a notice and explanation of how Interest Crediting Rates work.

If you terminated employment before reaching the 5 years of vesting needed for a pension, your Accrual Account balance, including interest, would be refunded to you. Such a refund can be rolled-over to an IRA to defer when those funds are taxed.

Once vested, if you retire and draw a monthly pension benefit, your Accrual Account funds part of your benefit and is no longer kept separate in most cases.

Member Portal — your online access to your Pension

All active and retired Members of the SLOCPT are being sent Personal Identification Numbers (PIN). With your PIN, you can go to the web address listed for the SLOCPT Member Portal. There you can:

- View your Accrual Account Balance
- Do Retirement Estimates
- Download Beneficiary change forms
- For retirees—see payment details
- 1099 forms for taxes
- **Sign up for electronic delivery of statements!**

Retiree COLA 2020

Effective April 1st for those retired on or before January 1, 2020.

Tier 1 Retirees = 3.0% * (maximum)

Tier 2 or 3 Retirees = 2.0% (maximum)

The SLO County Employees Retirement Plan provides for annual Cost of Living Adjustments starting April 1st of each year for those retired on or before January 1st of that year. The COLA is based on the 2-year average of CPI inflation in Los Angeles and San Francisco.

* Tier 1 COLA includes a “COLA Bank” or carryover for years when inflation is above the 3% maximum.

See next column

Retiree COLA 2020 (continued)

* The 2018-2019 average inflation in LA & SF was 3.5%. For Tier 1 retirees this means the maximum COLA of 3% applies. The remaining 0.5% of inflation is added to your “COLA Bank” to supplement years where CPI inflation is less than 3%.

Tier 2 & 3 retirees have a 2% maximum COLA without a COLA Bank or carryover.

SLOCREA - The SLO County Retired Employees' Association

SLOCREA provides social stimulation, presentations, and advocacy for all Retired County Employees.

Eligibility: Anyone who receives a check from Pension Trust, including Retired County Employees and their divorced or widowed spouses. Also includes Retired Superior Court Employees (and other agencies like the APCD) and their divorced or widowed spouses whose pensions are from the Pension Trust. Includes retired elected officials, department heads, retired managers, supervisors, line staff, etc., regardless of which labor organization represented.

Meetings: We meet 5 times a year at noon at the Elks Lodge in SLO. Upcoming meetings include:

- Monday March 9, 2020: Anne Wyatt of SLO Home Share will talk about SLO Home Share.
- Monday May 11, 2020: Carl Nelson will present an annual update on the Pension Trust.

Q&A follows each presentation.

How to join: To join, go to our website www.slocrea.org, print the membership brochure, complete it and mail to SLOCREA, PO Box 3533, SLO CA 93403-3533 with a check for \$15 for the annual membership fee. Or RSVP to a meeting and pay the Membership fee in person when you arrive.

When does my retirement benefit go into my bank account?

Your pension from the SLOCPT is paid in advance on the 1st day of each month via direct deposit. For months where the 1st is not a banking day — weekends & holidays — retirement benefits are cleared through your bank on the **next** banking day. Your bank may show the deposit prior to the 1st of the month depending on how they choose to handle pending transactions—but that is up to the bank. The official retirement benefit dates for the next few months are:

Mar. 2, 2020	Monday (1st is on a Sunday)
Apr. 1, 2020	Wednesday
May 1, 2020	Friday
Jun. 1, 2020	Monday
Jul. 1, 2020	Wednesday
Aug. 3, 2020	Monday (1st is on a Saturday)
Sep. 1, 2020	Tuesday
Oct. 1, 2020	Thursday
Nov. 2, 2020	Monday (1st is on a Sunday)
Dec. 1, 2020	Tuesday
Jan. 4, 2021	Mon. (1st is a holiday on Fri.)

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**THE PENSION TRUST
BOARD OF TRUSTEES -**

**TRUSTEE
MEETINGS**

Mar. 23, 2020
May 18, 2020
(3rd Mon.)
June 22, 2020
Aug. 24, 2020
Sep. 28, 2020
Nov. 23, 2020
Jan. 25, 2021
Feb. 22, 2021

The Pension Trust is governed by a 7-member [Board of Trustees](#). Three are elected by the employees on staggered three year terms, three are appointed by the Board of Supervisors, and the County Treasurer is an ex-officio Trustee. All Trustees are volunteers and are not paid. The Trustees serve at-large and do not represent any particular groups.

Importantly, the Trustees administer the Pension Trust; they don't set the level of pension benefits. Benefits are determined by the Board of Supervisors as a matter of employee compensation and collective bargaining processes.

**MEETINGS OF THE
BOARD OF TRUSTEES**

The Board meets 8 months of the year on the fourth Monday (adjusted for holidays). Meetings are at the County Government Center in the Board of Supervisors chambers unless otherwise noted and begin at 9:30 AM. Meetings are open to the public and your attendance is encouraged.

GUY SAVAGE
PRESIDENT (2020) / APPOINTED MEMBER

GERE SIBBACH
VICE PRESIDENT (2020) / APPOINTED MEMBER

JEFF HAMM
APPOINTED MEMBER

JAMES HAMILTON
EX OFFICIO MEMBER

MICHELLE SHORES MAN
ELECTED MEMBER (appointed to Term 7/17 to 6/20)

MATT JANSSEN
ELECTED MEMBER (Term 7/18 to 6/21)

TAYLOR DACUS
ELECTED MEMBER (appointed to Term 7/19 to 6/22)