



VCERA *Vibes*

PLAN BASICS: Why Your Retirement Benefit Is Secure

Members may wonder about the stability of their future retirement benefits, particularly during volatile investment markets. Is there cause for concern? It's important to remember the lifetime benefits earned by VCERA members are as secure during a bear market as they are during a bull market. Here are four reasons why.

1. Defined Benefit Plan

Unlike retirement savings plans, such as a 457 or 401(k), VCERA is a defined benefit plan in which pensions are calculated based on formulas defined by law. Formula factors include age at retirement, years of service credit and final average compensation. Note that your accumulated retirement contributions are not formula factors. Although you contribute every pay period to VCERA, your fund balance is not used to determine your lifetime retirement benefit.

2. Employers' Pension Promise

When VCERA was formed in 1947 by legislation and voter approval, the County of Ventura assumed a significant responsibility to ensure that the pension plan would receive sufficient funding to pay retirees their earned retirement benefits. In a sense, every employer that subsequently joined VCERA made the same "promise" to its employees—a pension promise—that lifetime benefits would be paid based on the benefit formulas adopted. Financially, these employers serve as a "backstop" for ensuring that VCERA receives enough funds to pay all vested members and their beneficiaries for life.

3. Ongoing Contributions

Employers contribute to VCERA every pay period to fund retirement benefits, just as members do. Although both contribution sources help fund the annual cost of administering the pension plan, employers contribute more

because they are responsible for paying down unfunded liabilities accrued in the past. Contributions are an ongoing commitment by both parties, regardless of how VCERA's investments perform. However, when those investments underperform, the plan's unfunded liabilities increase and, typically, so do employer contributions.

4. Long-Term Investment Horizon

In most years, the greatest contributor to VCERA's financial growth is investment earnings. For example, VCERA's assets more than doubled in the 2010-2018 bull market. As of June 30, 2018, its total portfolio returned (net of fees) 8.9 percent, 8.3 percent and 6.8 percent over 1-, 5- and 10-year periods, respectively. Though short-term metrics like these are useful, relying on them for the long term can lead to risky decision-making. VCERA is a long-term plan with an investment horizon of decades, not a few years. Over the life of

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Member Portal Rollout *is underway!*

In January, VCERA rolled out the Member Portal to a group of 1,000 users. In early March, VCERA sent a portal invitation to an additional 5,000 active members. If you have not yet received a letter from VCERA with registration instructions, it will be coming soon.

To register for a portal account, you must have internet access and a “security PIN” that VCERA will mail to you. The enclosed instruction guide will help you enroll quickly and easily. If you need technical assistance, VCERA staff will be available by phone and email.

The VCERA Member Portal is a self-service, password-protected gateway for you to access your account information. Active and deferred members can see contribution and service credit balances, read VCERA correspondence and run personalized benefit estimates. Retired members can view monthly payment summaries, print tax statements and update mailing addresses. All members will be able to view their VCERA account information—anytime, anywhere.

“I appreciate the ability to run estimates based on different factors. Thank you for providing this tool to members!”

- Amy (active member)



Administrator's Corner

Linda Webb, Retirement Administrator

VCERA produces or commissions certain financial reports every year for the benefit of stakeholders, including members. Though the reports vary in focus, each serves a vital purpose.

The **Comprehensive Annual Financial Report** (CAFR) presents VCERA's financial, investment, actuarial and statistical data. The CAFR, prepared by accounting staff and audited by an external accounting firm, provides financial statements, tables and notes showing how the VCERA Plan changed in the prior fiscal year.

The **Actuarial Valuation**, prepared annually by VCERA's consulting actuary, assesses the VCERA Plan's assets and liabilities in the prior fiscal year using economic and demographic assumptions. It also presents employer and member contribution rates needed to fund the Plan in the coming year.

The **Actuarial Experience Study**, prepared triennially by VCERA's consulting actuary, reviews VCERA's demographic and economic assumptions for appropriateness based on the previous three years of actual experience, and proposes any new assumptions recommended for valuations before the next study.

The **Administrative Budget**, prepared annually by staff and adopted by the VCERA Board for the coming fiscal year, presents the total administrative expenses of the pension plan. These expenses are direct charges against the earnings of the Fund and, by law, cannot exceed 0.021% of its accrued actuarial liability. VCERA's administrative expenses are consistently well below the statutory limit.

Plan Basics

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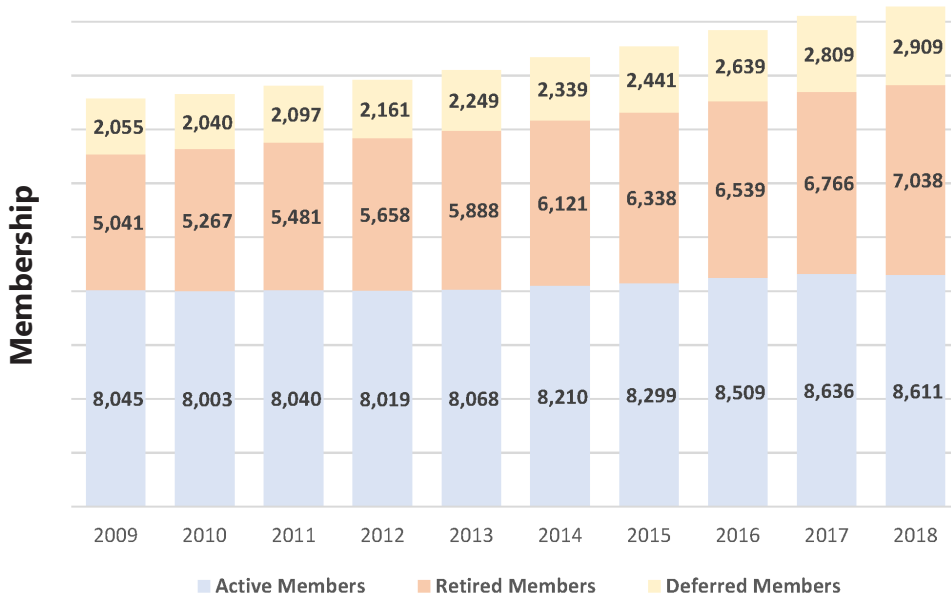
the plan, the VCERA Board of Retirement assumes the portfolio will earn a 7.25 percent annual rate of return.* Regardless of year-to-year returns, the Board must maintain its long-term investment outlook. Having this view does not eliminate the discomfort of short-term losses when they occur, but those losses are more easily tolerated as occasional dips along a steadily rising road.

In short, you can have confidence in the security of your VCERA benefits, regardless of stock market performance.

* *The assumed rate of return factors into the setting of member and employer contribution rates sufficient to ensure an actuarially sound plan.*

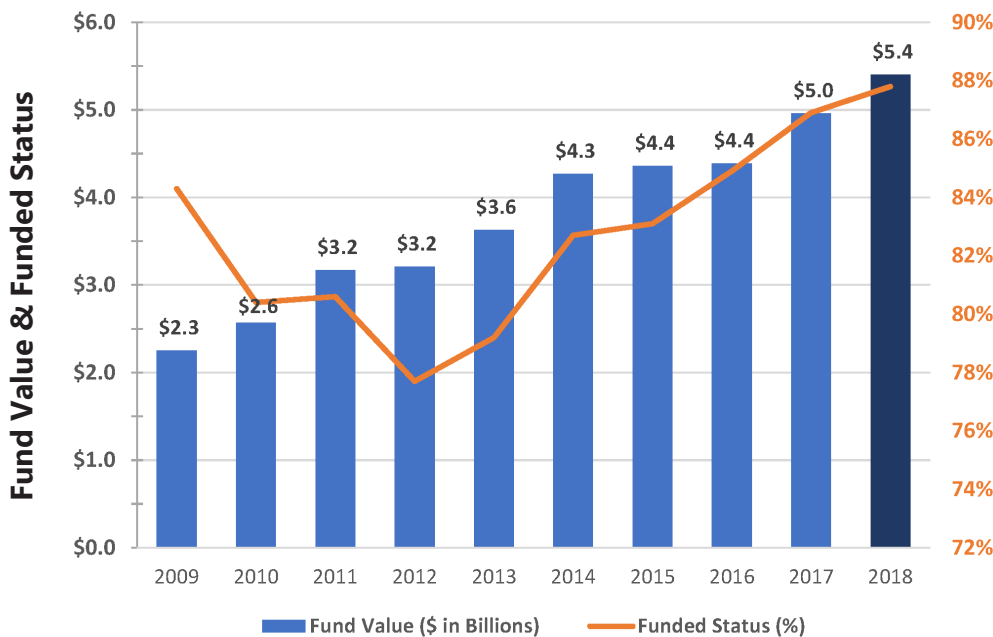
2018 CAFR Highlights

Every year, VCERA produces a Comprehensive Annual Financial Report (CAFR) containing financial, investment, actuarial and statistical data. Below are highlights from the June 30, 2018 report that illustrate the growth and stability of VCERA. Each reference to a year corresponds to its fiscal year ended June 30.



Investment Returns

Year	Rate of Return
2009	-21.1%
2010	15.0%
2011	24.4%
2012	1.5%
2013	13.2%
2014	18.8%
2015	1.7%
2016	-2.0%
2017	12.3%
2018	8.9%



Retiree Benefit Payments

Year	Benefit Payments (\$ in Millions)
2009	\$153.1
2010	\$166.0
2011	\$180.1
2012	\$191.3
2013	\$205.2
2014	\$218.1
2015	\$228.4
2016	\$241.4
2017	\$255.6
2018	\$272.3

Asset Class	Target Allocation	Actual Allocation
U.S. Equity	26.0%	32.4%
Non-U.S. Equity	17.0%	16.0%
Global Equity	10.0%	11.1%
U.S. Fixed Income	19.0%	17.4%
Real Assets	18.0%	15.8%
Private Equity	10.0%	5.1%
Cash & Equivalents	0.0%	2.2%

Like what you see?

You can download the full CAFR and other financial reports at www.vcera.org.



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Welcome New Trustees & Staff

VCERA is pleased to welcome two trustees to the Board of Retirement and two employees to the VCERA staff. Both trustees' terms will end on December 31, 2021.

NEW TRUSTEES

Dan Shapiro was elected by General members last fall to the VCERA Board. He has been the Rehabilitation Services Manager, Ambulatory Care, for the Health Care Agency since 2011. Mr. Shapiro's career in physical therapy began in 1998 and has allowed him to serve in various capacities within Ventura County. He earned a B.S. in Electrical Engineering from CSU Northridge, a B.S. in Physical Therapy from CSU Long Beach, and a Masters in Business Administration from CSU Channel Islands.

Steve Bennett was appointed by the Ventura County Board of Supervisors in January 2019 to the VCERA Board. He has served as the District 1 Supervisor since being elected in 2000. Before this, he was a teacher and high school administrator for 20 years at Nordhoff High School in Ojai. Mr. Bennett also served on the Ventura City Council from 1993 to 1997 and the VCERA Board in 2011 and 2012.

NEW EMPLOYEES

Leah Oliver, VCERA's new Chief Technology Officer, provides leadership in building and supporting VCERA's information technology (IT) infrastructure. Ms. Oliver has more than 18 years of IT experience, including 10 years with the County of Ventura's Information Technology Services Department. She received a B.S. in Computer Information Systems and a Master in Public Policy and Administration from California Lutheran University.

Josiah Vencel, VCERA's new Communications Officer, is responsible for the development of VCERA's communications and member education program. Mr. Vencel has 19 years of communications experience, including 11 years as the Communications Officer at another county pension plan. He earned a B.A. in Communications/Public Relations from Biola University and an M.S. in Holistic Nutrition from Hawthorn University.