

May 2023

The Fiduciary

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San Luis Obispo County Pension Trust
1000 Mill Street
San Luis Obispo, CA 93408
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Member Portal

SLOCPT's system has a useful Member Portal. You can use it for -

- Accrual Account Balance
- Retirement Estimates
- Beneficiary change forms
- Retirees - payments
- 1099 forms for taxes

Call or email SLOCPT if you do not yet have your PIN to set up login credentials. Email at

SLOCPT@co.slo.ca.us

SLOCPT Info

Our general information-website is at SLOPensionTrust.org

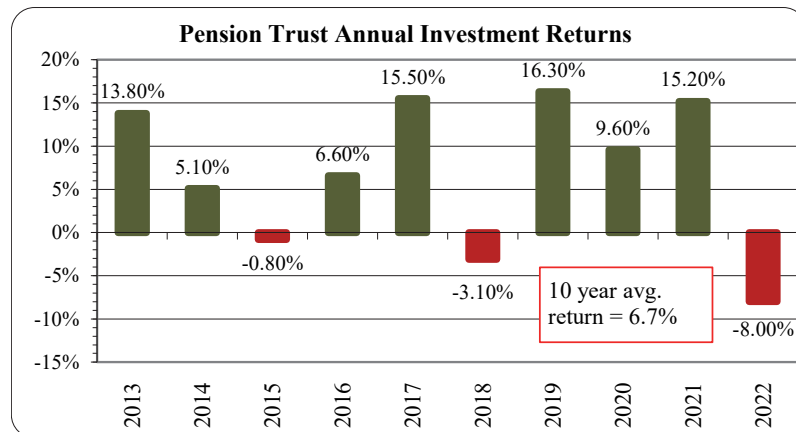
Helpful Articles on Retirement are at the website shown above, or at [Helpful Articles on Retirement](#)

Pension Talk

Investments

Mama said there'd be years like this...

2022 was an unusual down year for investments: US Stocks -18%; International Stocks -15%; Bonds -15%; Commercial Real Estate +5%. Stocks have negative returns in down markets, but bonds often diversify that risk and give less negative or even positive returns. 2022 was not a normal year in that respect. The Federal Reserve Bank's aggressive increasing of interest rates in an attempt to combat inflation hurt both stocks and bonds. The SLOCPT pension fund—typically a bit more conservative than other pension funds—posted a -8.0% return for the year. The graph below shows our history of returns.



Does this affect Members and Retirees?

Not directly. As a Defined Benefit pension SLOCPT bears the investment risks, not its Members or Retirees.

Active Member Survey

SLOCPT is conducting a survey of our **Actively employed Members** about their views on customer service and pension education.

[SLOCPT – 2023 Survey of Active Members](#)



Retiree Survey

SLOCPT is conducting a survey of our **Retired Participants** about their views on customer service and communications.

[SLOCPT – 2023 Survey of Retired Participants](#)



Active Members

Risks to your retirement income

Some of the financial risks in retirement and some of the things you can do to control those risks are -

Adequate Income Risk:

The risk of not having enough income in retirement to maintain the lifestyle you want. A rule-of-thumb is that having about 70%-80% of your pre-retirement income is sufficient to maintain the same lifestyle. Income includes -

- Your SLO County Defined Benefit pension
- Defined Contribution savings—such as the Deferred Compensation Plan or 401(k)s from other jobs, etc.
- Social Security
- Other savings and assets

What can you do about it—Work longer, save more, don't overspend - be frugal, don't raid your savings accounts for current consumption.

Longevity Risk: See the box to the right.

What can you do about it—Make your longevity risk worse, hopefully, by living longer. Clean living, wear your seat belt.

Investment Risk:

The ups and downs in the investments for which you carry the risk—e.g., your DC Plan accounts.

What can you do about it—Diversify, take an appropriate level of risk for your age and circumstances, be patient and stay-the-course.

Inflation Risk:

The risk of the cost of living going up faster than your retirement income.

Your SLOCPT pension has annual COLAs with limits. Social Security has COLA protections as well.

See: [SLOCPT - Financial Risks Retirees Face](#)

Longevity Risk

Longevity is how long you may expect to live. Often this is an uncomfortable topic for people. But you should think about it—planning for your retirement makes your expected lifespan an important variable that most people underestimate. For example, a 65 year old male has a median life expectancy of age 87.

“Longevity Risk” is the risk that you live so long that you outlive all your retirement savings. This is particularly true for employees (usually in the private sector) who only have Defined Contribution retirement savings like 401(k)s. Fortunately, SLOCPT Members and Retirees are part of a Defined Benefit pension system that pays its benefits for life—however long you live.

For light dinner table conversation check out -

<https://www.longevityillustrator.org/>

Interest Crediting Rates... and what they mean to you

Active employee Members of 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 2023 the interest crediting rate for Accrual Accounts is 5.75%.**

Some active members also have Additional Contribution accounts. **For 2023 the interest crediting rate for Additional Contribution Accounts is 4.06%.**

If you terminate 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 a traditional 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.

Retired Participants

2023 COLA

Effective April 1st for those retired on or before January 1, 2023.

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 (COLAs) 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 3%. The 2021-2022 average inflation in LA & SF was 5.0%. For Tier 1 retirees this means the maximum COLA of 3% applies. The remaining 2.0% of inflation is added to your “COLA Bank” to supplement years when inflation is less than 3%.

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

Join the SLO County *Retired* Employees' Association

SLOCREA is a useful group for Retirees and provides social events and pension information.

Your 1st year is free! Subsequently membership dues are only \$15.00 per year or \$40.00 for 3 years: a real deal! Every SLOCPT Retiree or beneficiary is eligible.

All we need is your contact info, *especially your email address*, but also USPS address and telephone number. Check out our website: www.slocrea.org

Our next meeting will be a lunch at El Chorro Regional Park the 2nd week in July.

When does my retirement benefit go into my bank account?

SLOCPT pensions are 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. Some banks may show the deposit prior to the 1st of the month depending on how they choose to handle pending transactions, but banks vary on this. The upcoming retirement benefit pay dates are:

| | | |
|------|---------|-------------------------------|
| Jun | 1, 2023 | Thursday |
| July | 3, 2023 | Monday (1st is on a Saturday) |
| Aug. | 1, 2023 | Tuesday |
| Sep. | 1, 2023 | Friday |
| Oct. | 2, 2023 | Monday (1st is on a Sunday) |
| Nov. | 1, 2023 | Wednesday |
| Dec. | 1, 2023 | Friday |
| Jan. | 2, 2024 | Tuesday (1st is a holiday) |
| Feb. | 1, 2024 | Thursday |
| Mar. | 1, 2024 | Friday |

2023 Form 1099R— mailed by January 31, 2024

Changing your tax withholding

- Starting in 2023 the [IRS requires SLOCPT](#) to use the new form [W-4P](#) to change federal tax withholding.
- If you don't change your withholding, your old pre-2023 withholding stays in effect.
- The new W-4P is far more complicated and hard to use. It no longer allows you to select a specific \$ amount or % to withhold. (We know, we don't like it either...).
- The best way to change your tax withholding is on SLOCPT's Member Direct portal. There you can change various inputs and see the result and get it close to what you want withheld. Please call or email us at SLOCPT@co.slo.ca.us

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**THE PENSION TRUST
BOARD OF TRUSTEES -**

**TRUSTEE
MEETINGS**

May 22, 2023
June 26, 2023
Aug. 28, 2023
Sep. 25, 2023*
Nov. 27, 2023

* Room 161/162

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.

JEFF HAMM

Appointed Trustee / President (2023)

GERE SIBBACH

Appointed Trustee

LISA HOWE

Appointed Trustee

JAMES HAMILTON

Ex Officio Trustee/ Vice President (2023)

MICHELLE SHORESMAN

Elected Trustee (Term 7/20 to 6/23)

DAVID GRIM

Elected Trustee (Term 7/21 to 6/24)

GEOFF O'QUEST

Elected Trustee (Term 7/22 to 6/25)