

**KCERA Board Meeting – October 30, 2013 at 8:30
11125 River Run Boulevard**

“A retirement system board’s duty to the system’s participants and their beneficiaries shall take precedence over any other duty” (Section 17(b) of Article XVI of the California Constitution).

On October 30, 2013 the KCERA Board will be hearing a Finance Committee (Moore-Chair, Denney-KCERA Chair, Couch, and Tunripleed) proposal on changing SRBR funding to the detriment of retirees and beneficiaries.

The proposed SRBR funding change recommendation was passed by the Finance Committee (Committee) on March 6, 2013. Due to lack of notice to REOKC, the matter had to be deferred to a later Committee Meeting on May 23, 2013. Before the May 23, 2013 Committee Meeting, REOKC attorneys submitted a letter to the Committee addressing our concerns about the KCERA Board’s legal authority, fiduciary duty to retirees and beneficiaries, and past attempts to change the **funding of SRBR - clearly protected by the California Constitution**. Our attorneys’ letter (posted on reokc.org) included a supporting opinion by John Kennedy, KCERA’s fiduciary counsel. John Kennedy’s opinion had been submitted and presented previously to most of Committee members during a KCERA November 2012 Board meeting. His opinion stated that **according to law the primary obligation of the KCERA Board is to participants and beneficiaries, not to the benefit of plan sponsors (such as the County), and to the detriment of participants and beneficiaries. According to law, the sole purpose of funding SRBR is to provide benefits for retirees and beneficiaries to offset the loss of purchasing power due to annual inflation.**

When you hear the argument about SRBR fund excess, remind KCERA trustees that they are mandated by law to use SRBR funds solely for retirees and beneficiaries. As a matter of fact, the law allows for the increase of the death benefit from \$3,000 to \$5,000 and pension adjustments to address the loss of purchasing power due to inflation. So why is this mandate being ignored and for what purpose? Increasing health and other living costs continue to erode retirees’ purchasing power. Most retirees do not have generous pensions as stated by the media and many who are ignorant of the facts. So the use of SRBR for inflation offset and death benefits will prevent many retirees from a lesser quality of life. The California Constitution and retirement law protect the funding of SRBR. By law and fiduciary duty, the KCERA Board must be an advocate to protect retiree benefits, not an advisory. KCERA Boards have been advised for almost 30 years of their legal and fiduciary duty that SRBR funds, allocated and unallocated, must be used retirees and beneficiaries.

If possible, try to attend this important meeting on you SRBR benefits. Meetings may be rescheduled so call KCERA a few days before the meeting to confirm the date and time.