



Financial focus

FINANCIAL SECURITY FOR YOUR GOLDEN YEARS

RETIREMENT BOARD

Brian Larson
Chairman
BoCC Appointed

Julie Johnson
Vice-Chairman
BoCC Appointed

Robert C. Balink
Treasurer
El Paso County Treasurer

Nicola Sapp
Secretary
Member Elected

Joe Breister
Board Member
Member Elected

Board meetings are held the 4th Monday of every month, except for June and December, at the Retirement Plan's office.

2013: New Plan Changes Address Plan Liabilities

By Howard Miller
Executive Director

Your EPCRP Retirement Board has taken action to help slow the growth of plan liabilities and deficits. After five months of plan evaluation and debate, the board has approved the following changes:

- Future contributions from members and employers will increase incrementally going forward. In 2012, contributions will increase to 7.5%, and in 2013 to 8.0%.
- All active members will have a lower benefit multiplier of 2.00% for service from Jan. 1, 2013 forward. (Please note this affects only service after Dec. 31, 2012. All prior earned service credit stays.)
- All members hired after Dec. 31, 2012 must have eight years of service in order to become vested for lifetime benefits.
- The maximum benefit payout is reduced for hires after Dec. 31, 2012 to 60% of pay.

Currently, the El Paso County Retirement Plan has more than 75% of the money it needs to pay future retirees. If the board didn't make the above

changes, it was predicted that in 10 years, employees and employers would be required to contribute 10% each (20% total) to sustain the plan, and plan liabilities would more than double.

This situation is not unique to EPCRP. Public pensions throughout the United States are making dramatic changes now because previous governing bodies did not fully fund benefits, hoping that investment returns would cover the costs. Instead, they got the great recession. You can view a history of State Plan changes at the website Pew Center on the States (www.pewcenteronthestates.org).

In EPCRP's case, the 2008 market crash took a big bite out of the pension fund's investments, reducing the portfolio by almost 30%. Retirees are also living longer — a reason why major debate revolved around the retirement age and a cost-of-living adjustment for current retirees.

This plan exists to provide reasonable lifetime benefits to those who serve the public. In order to be a sustainable, cost-effective benefit, EPCRP must provide its services at a much lower, predictable, level cost. It is the only way this plan and other public pensions around the country will survive.

EL PASO COUNTY RETIREMENT PLAN

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IMPORTANT DATES

The Retirement Plan office will be closed for:
Martin Luther King Day:
Jan. 16
President's Day:
Feb. 20

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Consider Benefit Income When You Work After Retirement

As people live longer and healthier lives, working in retirement is becoming more of a reality in the plans of many retirees. And they're not always working for the money. In addition to the extra income, staying active and involved, and enjoying work were listed as reasons for continuing employment during retirement, according to the 2010 EBRI Retirement Confidence Survey.

If work is part of your retirement plan, there are a few things to consider before you start scanning the want ads. What you earn in retirement could affect your retirement benefits.

Your EPCRP benefit

Some retirees who want to work find that they are drawn to the same field they retired from, sometimes working for the same employer.

If you, as an EPCRP retiree, go back to full-time work for El Paso County, or for the other employers that participate in EPCRP, you will stop receiving pension payments for the period of time you are employed. Once your employment with an EPCRP employer ends, you will begin receiving your pension payments again. Your payments will be based on the service you earned before you retired minus any payments received, as well as the

service you earned while you were re-employed. For more details, contact EPCRP at (719) 520-7490.

Work and Social Security

Working in retirement only affects your Social Security benefit if you start receiving your benefit before your full retirement age, as determined by Social Security. To find your full retirement age, visit www.socialsecurity.gov and click on the Retirement link at the top of the page. "Find your full retirement age" is a link on the left side of the page.

After you're older than your full retirement age, your Social Security benefit will not be affected, no matter how much you earn. For those taking early benefits, the Social Security Administration will withhold a \$1 for every \$2 you earn above a certain earnings threshold. When you are at your full retirement age, SSA will withhold \$1 for every \$3 you earn above another earnings threshold.

For more information, visit the Social Security website and type "How Work Affects Your Benefits" to reach a brochure of the same name.

Board Chairman Resigns, New BOCC Appointee

Brian Larson, Chairman of the EPCRP Board, has resigned. He has accepted a new position in Boulder, Colorado.

The Board of County Commissioners accepted applications from the public through Dec. 9, 2011, for anyone interested in serving on the board.

At press time, the new BOCC appointee had yet to be named.

Schedule of 2012 Benefit Payments

Wednesday, Feb. 1
Tuesday, May 1
Wednesday, Aug. 1
Thursday, Nov. 1

Thursday, March 1
Friday, June 1
Friday, Aug. 31
Friday, Nov. 30

Friday, March 30
Friday, June 29
Monday, Oct. 1

Extra Savings Can Help You Build a More Secure Future

Financial experts recommend that retirement income replace anywhere between 70% and 100% of your wages or salary. You may need more or less, depending on your lifestyle, health and plans for retirement.

Your Social Security benefit and your pension from EPCRP will be the cornerstones of your retirement income. Both provide you with a benefit that lasts a lifetime, and can provide secure income for your spouse after you pass away.

You can help strengthen your financial outlook in retirement by saving more.

Extra Options at Work

If you're looking for more ways to save for retirement, start with your employer. All of the employers that are part of EPCRP offer supplemental retirement savings accounts. These are a type of defined contribution plan called 457 plans. They are similar to 401(k)s in that any money you deposit into the account is tax deferred (which means you don't pay taxes on it until you take it out of the account).

Contact your employer's human resources department for more information about your employer's 457 plan and other options for retirement savings.

Many Choices, One Goal

As an individual investor, you have a lot of options for retirement savings. The following are just three among many choices. Remember to do your research and consult with a financial advisor to determine which investments will help you reach your retirement goals.

IRAs

Individual Retirement Accounts (IRAs) come in two basic types. A traditional IRA is tax deferred, like a 457. A Roth IRA only accepts after-tax money, so you don't have to pay taxes on it — or the interest it earned — when you start to withdraw it.

Mutual Funds

A mutual fund is a pool of money from individual investors that is then invested in a variety of stocks, bonds or a combination of both. There are many, many different types of these funds around. One variety that may be useful for retirement investments is a life-cycle or target-date mutual fund. The asset mix of the fund automatically shifts from higher risk to lower risk investments as you approach your target retirement date. The fees for these funds can be higher than fees charged by other mutual funds, so make sure you know what they are before you invest.

Annuities

An annuity is a contract with an insurance company. In return for your premiums, you get a stream of income for life from that company. Some annuity contracts include death benefits and other features.



Before you sign on the dotted line, make sure an annuity is a good option for your individual financial situation.

Finding Help

A financial advisor can help you choose retirement investments that will complement what you already have and get you where you want to be when it comes to retirement income. For information on how to choose a financial advisor, visit www.cfp.net and click Learn about Financial Planning at the top of the page and then click the How to Choose a Planner link in the left menu.

Sources: *CNN Money, Hartford Financial Services Group, Bankrate.com*

Retirees - Watch Your Mail

Your IRS 1099-R should arrive in your mailbox by the end of January. As you begin to prepare your 2011 taxes, check your withholdings and make any necessary updates with the Retirement Plan office. If you haven't received your 1099-R by Jan. 31, please contact the EPCRP office at (719) 520-7490.

Estate Planning 101: Power of Attorney

When it comes to estate planning, now is the time to consider the best way to take care of yourself and your family should anything happen to you.

One of the most important legal documents you can have in place is a Power of Attorney (POA). A POA allows you to name a responsible person or persons (your attorney-in-fact) to handle your affairs if you are unable to do so.

There are several different types of POAs. You may only need one or you may need to have all of them in your estate plan.

Financial

A financial or general POA designates an attorney-in-fact to handle your financial affairs. This POA can cover all of your financial bases, such as bill

paying, banking and dealing with property, or it can be specific (a limited POA). For instance, if you were trying to sell your car, but must be out of town for an extended period of time, you can name someone to handle the sale of your car specifically.

Health Care

When creating your estate planning documents, a health care POA is typically included in your Advanced Medical Directives. This specific document allows the person you appoint to make medical decisions on your behalf.

Neither the financial nor health care POA will cover you if you become mentally incompetent, unless it is specifically stated in the POA. If it is stated, it becomes a durable POA. Making these designations durable is a must, as it allows your attorney-in-fact

to discuss treatment options with your doctor or make financial decisions on your behalf should you become mentally incompetent.

For more information on POAs or estate planning, visit the Colorado Bar Association's website (www.cobar.org) and check out their *Public: Legal Resource* section. LegalZoom (www.legalzoom.com) also has an education center where you can learn more about POAs, wills and living trusts. If you are ready to create one, it can walk you through an easy step-by-step process.



El Paso County Retirement Plan

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