

## Frequently Asked Questions:

### How Does Stock Market Instability Affect CCCERA Members?

**Q. Will my monthly benefit check stop because of the stock market problems?**

A. No. Retirees will continue to receive their benefit checks at the beginning of every month as usual. Current retirement benefits are not affected by stock market fluctuations.

**Q. Will the annual COLA adjustment be taken away from my check due to poor investment returns?**

A. The COLA (Cost of Living Adjustment), which is a yearly adjustment to your pension, is based on 1937 Act statute. This adjustment cannot be taken away without a change in state law. The COLA is adopted by the Board of Retirement each Spring to reflect the inflation rate measured by the CPI (Consumer Price Index). Traditionally, this adjustment has increased pensions (since costs don't ever seem to go down!) by a capped amount. Investment returns do not affect this portion of your pension. For more information on how the COLA is computed, please see the Spring editions of the *New Roads* newsletters on this web site.

**Q. Is CCCERA running out of money?**

A. No. CCCERA funds are secure. While pension systems, including CCCERA, are affected by market decline, our conservative, diversified investment policy is based on a strategy that acknowledges both losses and gains over the long-term, resulting in less volatility for the fund. For a closer look at how our investments are structured, see the Summer *Viewpoint* 2008 newsletter posted on this web site.

**Q. Are my CCCERA funds insured?**

A. CCCERA is not a bank or financial institution, so funds are not FDIC insured, in the conventional sense. However, benefits are assured by state law and have the backing of County and District employers. Funding for benefits is not held by the employers; funds contributed by the employers and by active employees are held in trust by CCCERA, which is a separate entity. These funds cannot be touched for any reason.

**Q. Can state, federal, or local governments take money from my account to balance their budgets?**

A. No. Your contributions, and the contributions made on your behalf by your employer cannot be used for any purpose other than to pay your retirement benefits.

**Q. Has the market drop affected the rate of return I receive on my contributions?**

A. The rate of return you receive is set by the Board of Retirement, according to actuarial guidelines, which are presented at the annual *Actuarial Valuation and Review*. At that time, the Board considers the information presented and votes to accept or modify recommendations made by our actuaries, The Segal Company. Interest is credited to your account every June 30<sup>th</sup> and December 31<sup>st</sup>. This rate can be subject to change; the current rate is published each year in your Annual Benefit Statement. The rate for 12/31/08 is 7.8%.

**Q. Can I withdraw my funds from CCCERA?**

A. You cannot withdraw your funds from CCCERA while you are still working for a participating employer, or a different employer who offers reciprocity. If you stop working for CCCERA or a reciprocal agency, you can choose to withdraw the funds you contributed plus accrued interest (but not the funds contributed by your employer; these remain with CCCERA). However, there are tax consequences to taking a lump sum refund. See the **General Member Handbook** posted on this web site for more information.

**Q. Can I borrow against my CCCERA account?**

A. No, you cannot borrow against the funds in your account, or your future retirement benefit. These funds are held in trust, so your pension will be funded when you retire. While this may seem a hardship under certain circumstances, this rule protects you from potentially *losing* the money you contributed for your future.

**Q. What if my bank fails and I have Direct Deposit (Electronic Funds Transfer)? How will I get my pension payment?**

A. In recent failures, whether the bank has been bought out or taken over by the federal government, customers can still access their accounts. If you are uncertain about the stability of your financial institution, you can stop your Direct Deposit (EFT) at any time. You may want to talk to someone at your bank about your concerns, and also consider where you would deposit your benefit check if you no longer have Direct Deposit. Before you consider this option, remember, funds held at your bank are insured by the FDIC up to \$250,000. Credit union funds are also insured up to \$250,000 by the NCUA (National Credit Union Administration, a United States government agency).

**Q. Can CCCERA advise me on what to do about with my funds?**

A. CCCERA staff cannot tell you what to do with your personal finances or investments. We are not tax or financial consultants. We encourage members to talk with their own professional advisors and planners before making any decisions that may impact current or future retirement benefits.