

# RETIREMENT REVIEW Spring 2018

FOR RETIRED MEMBERS OF  
ERFC LEGACY AND 2001 PLANS



*From the Executive Director/CIO*

## YOUR ERFC PENSION IS WELL-FUNDED AND **CONTINUES TO GROW!**

### **ERFC is a Valuable Benefit. Help Us Spread the Word!**

One of the biggest financial mistakes employees can make is to be uninformed about all of their FCPS retirement benefits.

You took full advantage of all the retirement benefits you earned. You're receiving a monthly ERFC payment and have come to appreciate the value of your ERFC supplementary benefit. While the stock market and the economy ebb and flow, you've more than likely noticed your payment remains constant, and your annual COLAs add even more value to your benefit. Some educational employees are tempted to move to other school systems; they'll be offered more money now but less money later...

The value of a guaranteed lifetime retirement benefit cannot be understated. Younger generations, Millennials for example, are 40% more likely not to have retirement savings than Gen Xers and 50% more likely than people 55 and over.<sup>1</sup> Unfortunately, the personal savings rate is the lowest it's been since 1960, according to the St. Louis Fed.<sup>2</sup> To further underscore the situation, 28% of people who work in retirement do so because they haven't saved on a consistent basis!<sup>3</sup> You're now

an ambassador for the value of an FCPS career—take every opportunity to talk to younger employees about thinking ahead.

### **ERFC Reached All-Time Asset Level Highs!**

ERFC earned 16% in 2017 and reached \$2.5 billion in total assets in January 2018. Domestic market equities had a phenomenal year and the S&P 500 was positive every month in 2017—driven largely by strong earnings and economic growth. ERFC domestic equities returned 22.1% and accounted for 32% of the total portfolio returns. International equities earned 31.4%, which represented 30% of the total portfolio returns. Emerging markets equities was the highest performing asset class in 2017 at 37.9% for the year. On an absolute basis, ERFC emerging markets equities earned the highest return at 49.5%—a 12.2% outperformance over its benchmark—and contributed 11% of the total returns for 2017.

<sup>1</sup> Kirkham, Elyssa. "1 In 3 Americans Has No Retirement Savings | Money." *Time*, Time, 14 Mar. 2016. [time.com/money/4258451/retirement-savings-survey/](http://time.com/money/4258451/retirement-savings-survey/).

<sup>2</sup> [www-statista-com.libproxy.lib.unc.edu/statistics/246234/personal-savings-rate-in-the-united-states/](http://www-statista-com.libproxy.lib.unc.edu/statistics/246234/personal-savings-rate-in-the-united-states/).

<sup>3</sup> [www-statista-com.libproxy.lib.unc.edu/statistics/560097/reasons-for-working-on-retirement-usa/](http://www-statista-com.libproxy.lib.unc.edu/statistics/560097/reasons-for-working-on-retirement-usa/).

\* All investment returns are stated net of management fees.



## MEDICARE HAS A NEW LOOK!

Medicare beneficiaries in Delaware, D.C., Maryland, Pennsylvania, Virginia and West Virginia will be the first enrollees to receive new fraud-fighting replacement cards by June 2018. All personal information previously listed on the card will be replaced with an 11-digit number. Contact Social Security with address updates and remember, the Centers for Medicare and Medicare Services (CMS) will never call or email you requesting personal or private information.

## NEWS FROM NIRS

### Millennials are ~~Saving~~ for Retirement

A new study released by the National Institute on Retirement Security (NIRS) found Americans between the ages of 27-37 are falling short when it comes to saving for retirement. Millennials number 83.2 million and are the largest, best educated and most diverse generation in U.S. history, but are less financially savvy than previous generations.

NIRS also found that Millennials are expected to outlive the Boomer and GenX generations that preceded them and financial experts indicate they will need to put aside 15 to 22 percent of their salary in order to maintain current lifestyles in retirement – doubling the recommendation made to previous generations.



2 out of 3 working Millennials have no retirement savings.

## HOW ABOUT A NORTHEAST VACATION THIS YEAR?

Whether it's oceanside or mountain views you're looking for, northeastern getaways have it all

### LEWES, DELAWARE

This charming waterside town close to Rehoboth Beach has a variety of lodging options, restaurants and beaches. Cape Henlopen State Park offers history, hiking and biking trails surrounded by beautiful waterways. Interested in a side trip? Take the hour-and-a-half ferry ride from Lewes to Cape May, N.J., the city known for its beautiful Victorian homes.

### BAR HARBOR, MAINE

Take a ride on a lobster boat, hike on one of the many trails in the 47,000-acre Acadia National Park, or visit a quaint New England B&B. And don't forget to sample as much of the local lobster as you possibly can!

### HYDE PARK, N.Y.

Visit the national historic site and boyhood home of President Franklin D. Roosevelt, located on the same 300-acre site as the Vanderbilt Mansion. Stroll along the longest raised pedestrian walkway in the world and enjoy views of the Hudson River and surrounding mountains.

# ERFC BY THE NUMBERS

FY 2018 (7/1/17-2/28/18)

## We serve 38,329 Members & Retirees

Teachers | Educational Personnel | IAs  
Administrators | Admin. Support | Technical Staff

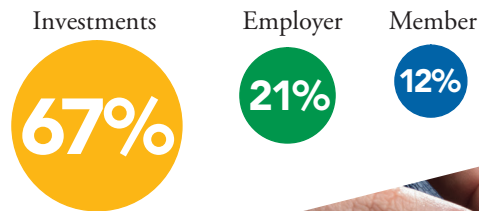
Retirements: **574**

Average retiree age: **63**

Busiest Retirement Month: **January**

How is ERFC Funded? **ERFC has \$2.5B in assets**

## Where does all the \$ come from to provide lifetime benefits for all members?



## THE WORD ON WHAT YOU'VE HEARD...

### I selected a survivor option with my husband as the beneficiary when I retired. Can I change to the basic benefit for the remainder of my retirement?

No. Once you have retired, you cannot change the benefit payment option you selected unless your survivor predeceases you.

### I am receiving an ERFC survivor benefit from my late spouse. Will this benefit payment be cancelled if I remarry?

No. Your survivor benefit is paid to you for your lifetime, even if you remarry.

### Will I still make Social Security payments in retirement?

No. Social Security payments are not withheld for retirement benefit income.

### Is it important to have an ERFC Direct account as a retiree?

Yes. You can save time and paper by logging in to your account! You can change your withholding or direct deposit information, update your address, view benefit payment history and access your 1099-R.

## ERFC BOARD MEETINGS

ERFC is governed by a seven member Board of appointed, elected and recommended Trustees. ERFC Board meetings and Investment Committee meetings are held in the ERFC board room on a monthly and quarterly basis. There are four Board of Trustees' meetings and one Investment Committee meeting scheduled for the remainder of FY 2018:

### FY 2018

#### Board of Trustees' Meetings

May 17, 2018

June 21, 2018

July 19, 2018

#### Annual Board Retreat (off-site)

April 18-19 2018

#### Investment Committee Meetings

May 17, 2018

*Retirement Review* is published for retired members of ERFC Legacy and 2001 plans by the Educational Employees' Supplementary Retirement System of Fairfax County (ERFC).



8001 Forbes Place, Suite 300  
Springfield, VA 22151-2205

## BOARD OF TRUSTEES

**Daryl Richards**

Chairperson and Trustee

**Kimberly Adams**

Vice Chairperson and Trustee

**Marty K. Smith**

Trustee

**Leigh Burden**

Trustee

**R Chace Ramey**

Trustee

**Michael Burke**

Trustee

**Kathie Pfeffer-Hahn**

Trustee

## ADMINISTRATION

**Eli Martinez**

Executive Director and CIO

**Jim Roehner**

Deputy Executive Director

**Patricia Church**

Retirement Coordinator

**Lisa Scott**

Communications

**Michael Lunter**

Finance Coordinator

703-426-3900

844-758-3793

[erfcoffice@fcps.edu](mailto:erfcoffice@fcps.edu)

[www.fcps.edu/erfc](http://www.fcps.edu/erfc)

## FOND FAREWELLS & JOYFUL WELCOMES

### Retired:

- ERFC Executive Director/CIO Jeanne Carr after 13 years of dedicated service.
- Trustee & FCPS Chief Operating Officer, Susan Quinn, after 10 years of dedicated service to ERFC.

### Relocated:

- Trustee & Assistant Superintendent of FCPS Financial Services, Kristen Michael, after four years of dedicated service to ERFC.

### Newly Hired:

- ERFC Executive Director/CIO Eli Martinez, who joins us from Santa Barbara, California, where he served as an investment officer with the Santa Barbara Employees' Retirement System (SBCERS).

### Newly Appointed Trustees:

- R Chace Ramey, assistant superintendent, FCPS Department of Human Resources.
- Leigh Burden, assistant superintendent, FCPS Department of Financial Services.