

## Welcome to The Retirement Connection!

### CIO Honored...Again!



San Jose Office of Retirement's Chief Investment Officer, Prabhu Palani, has been named one of *Trusted Insight's* top pension Chief Investment Officers for 2022. It is the third straight year CIO Palani has been honored by the publication.

"This would not have been possible without the Trustees' great support and encouragement," CIO Palani shared.

*Trusted Insight* is a highly regarded publication focused on institutional investment and investors. Each year, the magazine recognizes industry thought-leaders who oversee investment teams, expertly navigate the markets, and are instilled with the compassion to serve the beneficiaries of public pension plans in the U.S.

CIO Palani and his team manage the assets of both the City of San Jose's Police & Fire Department Retirement Plan and the Federated City Employees Retirement System. Prior to joining us in San Jose, his career was in the buying side as an investment strategist and portfolio manager with global leaders such as Barclays Global Investors, Franklin Templeton Investments, and Mellon Capital. He has partnered to manage clients' assets for several leading public and corporate pension plans, endowments and foundations.

### SJ Funds Focused, Positioned for Challenging Economy

By Prabhu Palani, Chief Investment Officer

Multiple interest rate increases, a sluggish bear market, inflation, geopolitics and war, the hangover of a crippling pandemic as it ebbs, and more factors complicate the challenges investors (and of course, consumers) face in today's economic environment. That includes large public pension plans.

The likelihood is that the Federal Reserve will continue increasing short-term interest rates as they try to stem inflation with one of the few tools available to do so, yet keep employment at reasonably high levels. Many economists agree a moderate recession is very possible.

We've lived through these cycles before. Most down periods emerged with a single critical factor: the Dotcom bust, the great financial crisis that led to the Great Recession, and the short-lived recession of 2020 with the outbreak of the coronavirus.

Your Boards for the Police & Fire and the Federated Funds are fully aware of and focused on the unique circumstances and the challenges they present for our pension plans. They, along with staff and investment consultants continuously monitor market risks against the backdrop of the potential for future greater returns on our investments. Our objective has long been to position the Funds to withstand extraordinary times such as these. The goal as we make decisions in our investment

- continued on page 3

### Thinking of Moving? Plan Carefully

While the vast majority of retirees stay in California, some choose to relocate for a variety of reasons. Some want to retire to a long-dreamed-of destination. Others want to save money or be close to family. Whatever the reason, moving out of state should be an informed decision. Consider the following issues and tasks before moving:

1. **Tax implications:** Income taxes, property taxes, sales taxes and maybe even special local assessments vary from state to state, city to city. Some states have tax breaks for pension income, retirement distributions and Social Security. Savings on one tax may be offset by higher costs for another. Check with the taxing agency in the potential new location for information.

If you move out of California and want to discontinue California tax withholding, make sure you notify ORS.

2. **Health coverage:** Different health plans have specific coverage areas both in and out of California. Be sure to consider the benefits included in your health plan and research what out-of-state options you have. Currently, your City of San Jose retirement choice for coverage in other states is Anthem.
3. **Direct Deposit:** If you change banks, be sure to update your direct deposit information with ORS right away.
4. **Update Contact information with ORS:** Don't forget to update ORS on changes in address, telephone and cell phone, email and other contact information! We can't serve you if we can't reach you.

## Message from CEO Roberto L. Peña



We have closed out another eventful year of challenges, achievements and changes for the Office of Retirement Services, and once again, we are excited about the new year. It's a season typically focused on practical tasks ahead. This issue will provide several articles to help remind and guide you through some of those tasks. Please take time to check out the following:

- **Reciprocity:** How to combine your past service with certain public agencies with your service in San Jose for your optimal retirement benefit.
- **Tax information:** When to watch for your IRS 1099 forms (and annual retirement statements), as well as information on the IRS' new W-4R forms and what you need to know about them.
- **Life changes:** Which events qualify, reporting these events, and how they may affect your benefits.

- **Moving:** Check off a list of considerations before making a big move in retirement.

Of course, 2022 ended with inflation-fueled stress on the markets and economy. Fortunately, San Jose's Retirement Boards for both the Police & Fire and the Federated funds have been designed to be resilient.

At ORS, we have been experiencing the difficulty of staff turnover and recruitment challenges facing virtually every segment of the economy since COVID. We have been fortunate to recruit talented new staff to each of our divisions and will continue to introduce them to you here in the Retirement Connection and as the opportunities arise in various settings.

We ended the year by completing another smooth Open Enrollment period, the high point of which may have been hosting more than 100 members at a live Health Fair. The event was a big success, enjoyed by the attendees.

On behalf of myself and the staff at the Office of Retirement Services, we wish you a happy and healthy New Year.

## Claiming Reciprocity?

Employees who have worked for multiple public agencies may qualify for eventual retirement benefits that honor their service in a partner agency as well as service in San Jose. The policy is called "Reciprocity," and refers to an agreement between participating agencies and City of San Jose. Reciprocity is an exchange of information only and not funds or service credit transfers.

Employees who transfer between reciprocal agencies and the City of San José within six months and do not have concurrent service may qualify. If an employee qualifies, years of service from the reciprocal systems and City of San Jose can be combined to meet retirement vesting eligibility requirements. In addition, the City of San José will use the highest Final Average Salary regardless of where earned to calculate their City of San José pension benefit. Once retired, the eligible retiree receives separate pension checks from each reciprocal agency for the years of service worked at that agency.

It's important to note that these agreements only serve to meet vesting requirements and determine the highest Final Average Salary. They do not help qualify for a medical benefit in retirement. If the employee is in a retirement tier that includes medical benefits, only years of service worked at the City of San José will meet requirements for those benefits.

Employees must retire from all reciprocal agencies on the same day to qualify for reciprocity. There may be cases in which an employee qualifies to retire from one reciprocal agency before they qualify to retire from another reciprocal agency. When this happens, the employee must wait until they are eligible to retire from both agencies to qualify for the benefits of reciprocity.

If you have past experience with another participating agency, such as a CalPERS agency, you can file for reciprocity at any time prior to actually retiring.

This is a brief overview of the Reciprocity Program. If you have questions don't hesitate to contact us at [retirement.dept@sanjoseca.gov](mailto:retirement.dept@sanjoseca.gov)

## Quarterly Question

**Q:** If I remarry after retiring, can I add my new spouse to receive a monthly survivorship allowance after my passing? What are qualifying life events that might allow me to make a change in dependents on my health insurances outside the Open Enrollment period?

**A:** If you are a Police and Fire Retiree, yes, you can add a new spouse to receive a monthly survivorship allowance after your passing – IF you notify ORS within 30 days of the marriage date. That benefit will be actuarially calculated using your pension amount, date of birth, and new spouse's date of birth to calculate the reduction in your monthly pension to pay for the new benefit. Federated retirees are not able to add post-retirement spouses for survivorship allowance benefits.

For both Police and Fire and Federated plans, marriage is a qualifying life event that allows retirees to add new spouses as dependents on their health insurances. Certain other life events that may qualify you to make a change in their benefits election outside Open Enrollment include, but are not limited to, such events as gaining or losing coverage outside the San Jose Retirement System, post-retirement domestic partnership or the dissolution of a domestic partnership, divorce or legal separation, or birth or adoption of a child. Each requires notification to ORS within 30 days of the event. Moving a household may also qualify.

Members can get detailed information about the rules related to each type of event on the website at [www.sjretirement.com](http://www.sjretirement.com)

# Profile:

## ORS Investment Group

### Arun Nallasivan Investment Analyst

- Q:** What is your role at ORS?
- A:** In my role as an investment analyst, I evaluate new investment ideas and monitor current investments in our portfolios.
- Q:** What do you find most satisfying about your work?
- A:** The most satisfying part is being able to execute an idea and see it deliver positive results. Of course, the most challenging part is trying to determine which ideas to pursue for those positive results.
- Q:** Share a bit about your professional background and the journey to ORS?
- A:** Prior to coming to San Jose, I was in a similar investment role helping individuals achieve their retirement goals.
- Q:** Where did you grow up? How did you settle in San Jose?
- A:** I grew up in Central California and moved to New York to attend college. When I returned to California, the City of San Jose gave me the opportunity to join a strong and growing team of smart investors.
- Q:** Who is Arun when not on duty?
- A:** I keep very active. I travel often, ski fast, and constantly try to beat myself at golf.

### IRS raises maximum benefit limits for defined benefit retirement plans

The maximum benefit a retiree can receive has been adjusted to reflect a cost of living increase while complying with Internal Revenue Service regulations. Effective January 1, 2023 the maximum will be increased from \$245,000 to \$265,000 per year under IRS Code Section 415(b) (1) (A).

*SJ Funds Focused, continued from page 1*

portfolios is to continue growing funds that will meet the needs of our members now and in the future, while carefully managing risk to those funds. We are positioned to maintain a prudent balance of growth and risk.

That's the bottom line as we face 2023 and likely, further economic volatility. For members who want to dive deeper into the gritty details and numbers, you can read my full article on the subject on the website at [www.sjretirement.com](http://www.sjretirement.com).

### Eric Tsang Investment Officer

- Q:** When did you join ORS?
- A:** I joined the City of an Jose Office of Retirement Services in 2021.
- Q:** What role do you play?
- A:** I joined the ORS Investment group as a Retirement Investment Officer. I am part of a small but very dedicated team. I currently oversee performance and risk management.
- Q:** How many are in your division?
- A:** The investment division team is made up of 11 staff, headed by our CIO, Prabhu Palani.
- Q:** Share a bit about your background and the journey to ORS?
- A:** Prior to joining ORS in 2021, I previously worked at a fund-of-funds, as well as analytic vendors where my focus was portfolio performance and risk analytics. I attended the University of California, Berkeley.

## Tax Documents & Statements Coming Soon

With the new year comes a new tax season. By law, the Office of Retirement Services must mail annual 1099R tax forms to retirees by January 31st. If you have not received your 1099R by mid-February, please contact us.

Active and deferred vested members will also receive their annual Member statements in February.

Starting January 1, 2023 new withholding elections must be made using the new W4-P/W4-R forms. The revised W-4P will be used to withhold federal income tax from monthly pension benefit payments. The W-4R will apply to withholding on one-time payments and rollovers. Current retirees do not need to complete a new Form W-4P if there are no withholding changes. For those who do need to use the new W-4P form due to changes in their withholding, the new forms are more complex than the existing form. Resources and more detailed information are available on our website, [www.sjretirement.com](http://www.sjretirement.com).

**In order to receive these crucial documents and to keep connected for various purposes, don't forget to keep us informed of any address changes.**

## Staffing Updates

**Marivic Co-Garcia** was promoted to Benefits Supervisor.

# The Retirement Connection

1737 N. First Street, Suite 600, San Jose, CA 95112

Executive Editor: Barbara Hayman  
Editor: Linda Alexander and  
Michelle San Miguel

## GO GREEN!

In [Member Direct](#), go to Profile (top right section)  
and change the Newsletter Preference to  
“e-Newsletter Only.”

No Member Direct account, send an email to  
[retirement.dept@sanjoseca.gov](mailto:retirement.dept@sanjoseca.gov) to receive your newsletter  
electronically, via email, or if you prefer to access the  
newsletter online at our website [www.sjretirement.com](http://www.sjretirement.com)

## PLEASE KEEP US INFORMED

Make sure we have your updated email and mailing  
address. Please complete a change of address form if  
your email or mailing address changes.

 Printed on Recycled Paper

### Federated City Employees' Retirement System Trustees

Spencer Horowitz, Chair  
Julie Jennings, Vice Chair  
Prachi Avasthy  
Anurag Chandra  
Mark Keleher  
Mark Linder  
Trustee, vacant

### Police and Fire Dept. Retirement Plan Trustees

Drew Lanza, Chair  
Franco Vado, Vice Chair  
Andrew Gardanier  
Sunita Ganapati  
David Kwan  
Howard Lee  
Eswar Menon  
Richard Santos  
Dave Wilson

## Upcoming Board Meetings

COVID-19 virus has had an impact on our operations. Meetings are being held by teleconference. Please check our website for the latest information.

**Police and Fire Board meetings** are held on the 1st Thursdays of each month except in July. Upcoming meetings will be held on the following dates:  
February 2      March 2      April 6

**Federated Board meetings** are held on the 3rd Thursdays of each month except in July. Upcoming meetings will be held on the following dates:  
February 16      March 16      April 20

### BOARD UPDATES

**Federated Trustee Elaine Orr has left the Board. We thank her for her service on the Board.**

The Board vacancies for recruitment are posted on the City Clerk's website at:  
<https://sanjose.granicus.com/boards/w/923860ac785826ef>

All meetings unless otherwise posted on the Agenda, are at City Hall, 200 E. Santa Clara Street, Wing Rooms 118-120. Meetings are also live-streamed on our website at [www.sjretirement.com](http://www.sjretirement.com)

### Upcoming City Closures

February 20 –  
Presidents Day  
March 31 –  
Cesar Chavez Day

### CONTACT US!

408-794-1000 or 1-800-732-6477  
Our staff directory can be found on our  
website at: [www.sjretirement.com](http://www.sjretirement.com)  
Click on “About us”/“Office Staff” or email  
us at [retirement.dept@sanjoseca.gov](mailto:retirement.dept@sanjoseca.gov)