CFRS NEWS

City of Fresno Retirement Systems

IN THIS ISSUE

MESSAGE FROM THE **Administrator:**

Robert Theller,

Retirement Administrator

Your City of Fresno **Employees Retirement System** remains more than fully funded and is positioned to strongly secure your current and future retirement. Our goal is to keep it that way by maintaining a pension system which provides benefits which are economical for our sponsor (the City of Fresno) while remaining a life-long, lucrative and sustainable benefit for retired City of Fresno employees.

Limiting risk is vital for an institutional investor like CFRS. As a long-term investor, we prepare for multiple economic ups and down across future decades. Part of that work is making sure we're taking the appropriate amount of risk to meet our investment goals while still maintaining broad market exposure. The team at CFRS continues to work with our Investment Consultant to build a resilient and innovative investment program that includes frequent reviews of new investment ideas and existing investment strategy.

We provide award winning annual financial reporting that give our members, retirees and the City of Fresno management team the information they need to plan contribution payments and prepare for the budget well in advance. Our Finance team works with our Boards, Auditors and the City Finance team to ensure proper accountability is provided and prudent fiduciary care was taken while spending and investing your assets.
They also prepare a Popular Annual Financial Report (PAFR) which is an easy-to-read summary of the Annual Comprehensive Financial Report (ACFR), we encourage you to read them.

We remain committed to our primary mission of delivering your benefits when you choose to retire. To do that our Benefits team maintains a focus on great customer service while helping you process your retirement or disability application. We will help you through the required paperwork, while also trying to decrease the time it takes to process the applications. CFRS Benefits team is committed to helping you start your retirement. You can start by looking over your account and member information in MemberDirect.
We encourage you to:

- **Attend our meetings** on the second Wednesday (and fourth Tuesday if another meeting is needed) of each month at 1:00 p.m. **in person, or via Zoom**. You can submit general or specific questions or concerns about the Systems that you would like the Boards to address. Please feel free to attend either way if you are curious and just want to see what we do. You can see our schedules & agendas on our website.

- If you see a problem or have an idea for doing something better? **Please submit your positive suggestions for improvements** by email to Retire@Fresno.gov Change to improve is always possible and will help make CFRS a stronger, more resilient organization.

For specific questions or concerns relating to your pension, disability or DROP account, we encourage you to reach out **confidentially** to our Staff at **559-621-7080** to discuss or schedule an appointment.

Sincerely,
Rob Theller

5 Costly RMD Mistakes That Will Put a Dent in Your Savings (and How Early Planning Can Help)

by Larry Martin

www.kiplinger.com

For retirees and those closing in on retirement, understanding how to manage **required minimum distributions (**RMDs) is essential.

These government-mandated withdrawals must be taken from tax-deferred retirement accounts, such as traditional IRAs and 401(k)s, starting at age 73. Yet, as a longtime financial adviser, I've learned that many investors nearing that age aren't familiar with how RMDs work or prepared to deal with the extra taxes they can trigger.

Even those who know something about RMDs aren't always aware of recent rule changes or useful strategies that might help reduce their RMD tax burden. That means they could easily make costly missteps that impact their retirement savings.

What are RMDs?

The IRS doesn't allow retirement savers to keep money stashed in their tax-deferred accounts indefinitely. Once you turn 73, you must begin withdrawing a minimum amount annually (based on an IRS formula) and pay ordinary income taxes on that amount.

These mandated withdrawals are called required minimum distributions. And failing to take the appropriate distribution at the correct time can result in a hefty penalty.

COMMON MISTAKES WITH RMDS

1 Taking RMDs without advance tax planning

RMDs start at age 73 for most people born between 1951 and 1959. And those born in 1960 or later will start at age 75. But I recommend planning for these complicated withdrawals long before you're required to take them.

When you hear retirees complain about paying much more in taxes than they expected in any given year, it's often because they weren't ready for how RMDs would affect their taxable income.

For example, your RMD could push your income past the IRS threshold that determines whether your Social Security benefit will become taxable and at what percentage it could be taxed.

Your withdrawal could also trigger the income-related monthly adjustment amount (IRMAA), a surcharge on your Medicare premiums. Planning ahead could help you avoid these and other RMD-related tax traps.

2 Waiting until the last minute to take your first RMD

RMDs generally must be completed by December 31 of the current calendar year. In the year you turn 73, however, you'll have the option to delay taking your RMD until April 1 of the following year. (For example, if you're turning 73 in 2027, you'll have until April 1, 2028, to take your first RMD.)

But there can be consequences for postponing. If you decide to make two withdrawals in one year, your taxable income will likely be higher for that year, which could mean facing a steeper tax bill. Before you decide to double up, you may want to run the numbers to be sure it makes sense.

In fact, waiting until the last minute in any year could cause problems if you suddenly get busy, can't afford or simply forget to take your RMD.

If you haven't withdrawn the full RMD amount by the deadline, you could face a 25% penalty on the amount you haven't withdrawn. (That drops to 10% if the RMD is corrected within two years.)

If you decide to wait until the RMD deadline, you also may have to sell investments in a down market. Spreading out your withdrawals could help reduce market risk.

3 Forgetting inherited IRA rules

Planning to leave what's left in your accounts to your beneficiaries? They, too, will have to take distributions based on IRS rules. And they, too, could face a penalty if they don't correctly calculate and take their required withdrawals at the proper time.

The rules for when account beneficiaries must take RMDs vary based on the inheritor's relationship to the original account holder. A spouse who inherits a retirement account usually has more flexibility, for instance, when it comes to determining how soon RMDs will begin and how they'll be calculated.

But most non-spouse beneficiaries are required to empty their inherited account and pay taxes on this income within 10 years of the original account holder's death. Which means adult children often end up having to take RMDs from an inherited account during their highest-earning years.

5 Costly RMD Mistakes (CONT'D)

If you expect to leave money in a 401(k) or similar account to your loved ones, it's important that they have a chance to do their own tax planning. Your financial adviser should be able to suggest strategies to help them maximize your generous gift.

4 Missing out on qualified charitable distribution opportunities

It may be difficult to predict exactly how much your RMDs will be from year to year — or how much they might impact your taxes. But just knowing they're coming will give you an opportunity to prepare.

If charitable giving is part of your financial plan, a qualified charitable distribution (QCD) can help you further your philanthropic goals *and* reduce the tax hit from your RMDs.

QCDs allow individuals age 70½ and older to make tax-free donations directly from an IRA to a qualified charity, potentially satisfying all or part of the annual RMD amount due from their eligible accounts.

A QCD doesn't offer a tax deduction, but the amount of your QCD won't be included in your taxable income. And you can make a QCD from several different types of tax-deferred retirement accounts — although there are rules regarding using a SIMPLE or SEP IRA, and you can't make a charitable contribution from a workplace retirement plan, such as a 401(k).

5 Ignoring Roth conversion strategies before RMD age

Converting a traditional IRA to a Roth IRA can help you avoid RMDs altogether — or at least lower the amount you'll have to withdraw each year.

Unlike traditional IRAs, Roth IRAs don't require that you take RMDs during your lifetime. This means you can keep your money invested for as long as you want, allowing it to grow tax-free. And if you pass on a Roth IRA to your heirs, they can take their RMDs tax-free.

Of course, you'll have to pay taxes on the amount you convert, so timing — and planning well in advance of your RMD age — is important. Minimizing your income sources in the year you plan to do the conversion can help keep your tax liability as low as possible.

Many retirees find the "sweet spot" for completing a conversion is after they've stopped working but before they begin receiving Social Security benefits or pension payments.

Your adviser can help you determine if and when a Roth conversion makes sense for your needs.

Don't put off RMD planning

If you expect to withdraw the IRS's required amount — or more — each year to cover your living expenses in retirement, RMDs may not be a concern for you. But if RMDs will impact your income, tax and estate planning, you may want to seek guidance.
The rules are complex, and making a mistake can be expensive.

The IRS website offers basic information regarding the overall RMD regulations. But if you want more specific advice and ongoing support, consider talking to a financial adviser ASAP.

Investment Update

By Chad Jacobs, Investment Officer

The Joint Boards responsibility as a long-term investor is to manage in and through the global financial market environments as they evolve. Our Boards understand the System's portfolio requires a sound and stable strategy for meeting investment goals over the long-term with appropriate risk levels and controls.

The City of Fresno Retirement Systems portfolio is a globally diversified fund that invests in equities (public and private), fixed income (public and private), real estate, and infrastructure and currently is valued at $4.75 billion. This represents an increase of more than $400 million from the end of June 2025. The portfolio has been fully funded for more than a decade.

Fiscal Year 2026 experienced uniquely challenging developments such as persistent inflation, tariffs, war, and a newly appointed Chairman of the Federal Reserve that were difficult to navigate successfully. The continued excitement related to Artificial Intelligence (AI) was a major driver of both domestic and international equity markets. Due to the restructuring the total fund has endured over the last several years, the portfolio was insulated to the worst of the market reactions due to the diversification and asset types that we invest in. Additionally, the fund has exceeded its benchmark and assumed rate of return over multiple time periods.

The Joint Boards and staff continue to explore new and innovative strategies that might be complementary to the portfolio and manage risk in a prudent manner. To learn more about the portfolio please click on the links below.

CFRS Asset Allocation
Current Investment Managers

IMPORTANT DATES

Retirement Benefit Payment Dates
(Last Business Day of Each Month)

Friday, July 31, 2026
Monday, August 31, 2026
Wednesday, September 30 2026
Friday, October 30, 2026
Monday, November 30, 2026
Thursday, December 31, 2026

Retirement Board Meeting Dates

July 23, 2026
August 12, 2026
September 9, 2026
October 14, 2026
November 11, 2026
December 9, 2026

How To Prepare for 4 Big Risks Facing Any Retirement Plan

By: Tobias Salinger www. Financial-planning.com

The threats of a cycle of falling stock values, a surprise early retirement, long-term care costs and inflation could threaten even the strongest plans.

But financial advisors and their clients can prepare for those possibilities through a combination of a thoughtful acknowledgement of those risks and technical strategies that reduce the potential harm, according to three retirement experts speaking in a keynote panel in front of about 2,000 attendees at this week's Morningstar Investment Conference in Chicago.

For example, a bond-ladder strategy could render a rough year in capital markets like 2022 into "a nonevent," said Dana Anspach. She's the founder and CEO of Scottsdale, Arizona-based registered investment advisory firm Sensible Money, the author of multiple books on retirement strategies and a member of the committee at the Investments & Wealth Institute overseeing the Retirement Management Analyst (RMA) designation.

By "creating a floor" of available cash flow through the maturation of bonds in a strategy Anspach calls an "income ladder," her RIA shielded its clients from the worst impacts of the economic turmoil that year, she noted.

"It's a specific type of bond ladder that falls under the asset-liability matching investment approach, where we're laying out a client's cash flows, typically for the first five to 10 years of retirement," Anspach said. "We're laying them out for all of retirement, but I would say they're less accurate the further out you go. And then we're buying bonds that mature in the amounts of those cash flows that we've specified, and we've already built inflation into that spending."

What happens at the end of the bull cycle?

That approach can lessen retirees' common fear of outliving their assets, which can show up even after one bad day of stock performance.

And, with the high — or potentially overheated — values of stocks reflected in cyclically adjusted price-earnings (CAPE) ratios rising into the low 40s, the concerns about a sustained downturn in stocks are especially valid, according to Michael Finke. He's a professor of wealth management and the Frank M. Engle Distinguished Chair in Economic Security at The American College of Financial Services, a training and professional development firm for financial advisors and other industry professionals that is the certifying organization for the Retirement Income Certified Professional mark.

"We did a recent study where we looked at what the most important years are for someone who's approaching retirement or after retirement, in which years the returns that you get on your investments have the biggest impact on the amount of income that you can draw from those investments throughout retirement. And it's really the five years before retirement that are paramount, and maybe the first three or four years after, incrementally, that had the biggest impact on your lifestyle," Finke said. "I think the risk has never been higher that retirees are not going to get the returns that they hope to get to be able to generate the amount of income that they expect to receive from their investments."

Retiring younger — without meaning to

Another possible shock to the plan could appear in the form of a preretiree losing the job that they had anticipated would keep them in their accumulation phase for substantially longer. Anspach has had clients whose employers outsourced their roles "in their later 50s or early 60s when they had planned to work to 65," she noted. In that event, they'll have to alter their plans to find a workable retirement income.

"What we try to do is stress test the plan for an earlier retirement case, say, 'I don't even think you're going to work to 65, but let's build everything as if you are done at 60 or 62,'" Anspach said. "So, if you stay for and plan for that contingency, and you get there, and if you work longer, great. That's a better outcome than planning for the opposite event and being forced to recalibrate."

The price of nearly everything is going up

Anspach had noted earlier in the panel that her firm usually plans conservatively for retired clients' living expenses to rise 3% and healthcare costs to go up 5% each year, due to inflation. Although, as people get a decade or more into their retirement, they often tend to slow their spending, she said.

Nevertheless, the risk of inflation represents an even bigger one than a stock downturn, according to Finke, who described the delaying of claiming Social Security benefits through a so-called bridge investment strategy as "one of the most underutilized" approaches in planning.

"Let's take a moment and talk about the best way to hedge against inflation risk, because I feel like I can get on my soapbox here and say the same thing I do over and over again, especially for healthy, higher-income workers. The single best way to hedge against that risk is to delay claiming Social Security," Finke said. "Delayed claiming of Social Security is really the most reliable way to get that inflation protection and longevity protection."

One of the most widespread concerns: healthcare

As retirees age in a time when people are living longer, the cost of long-term care and health expenses in general could climb above what is available to them through Medicare benefits.

"The big shock that can occur in many retiree households is having large long-term care expenses toward the end of someone's life," said Christine Benz, the director of personal finance and retirement planning at Morningstar and author of "How to Retire: 20 Lessons for a Happy, Successful, and Wealthy Retirement." As the moderator of the panel, she asked Finke and Anspach "whether you think that contributes to some retirees being reticent, reluctant to spend because they're worried about having, effectively, a balloon payment at the end of their lives."

The concern related to "this unknown that makes them feel just a little nervous," certainly does affect how retirees view their spending habits, Anspach said.

"We build it into the projections, so we'll have a particular analysis and stress-test a long-term event to occur at approximately in your early 80s," she said. "How long would your assets last? And that informs whether we're going to suggest long-term care insurance or not, even if the client can cover a long-term care event. We're often bringing it up because the research shows people who have the insurance are more likely to get quality care, and I think that's a key factor."

MEMEBERDIRECT

Your Retirement Information at Your Fingertips

Access your retirement information anytime, anywhere with MemberDirect. Through our secure online portal, you can view your benefit information, update your contact details, access important documents, and estimate future retirement benefits—all in one convenient place.

Visit **www.cfrs-ca.org**

Click "**MemberDirect**"

MEET YOUR RETIREMENT BOARD TRUSTEE

Alfredo Molina

Elected Trustee

Hello! My name is Alfredo Molina, and I have had the honor of serving as a Trustee on the City of Fresno Retirement Board since September 2025, when I was elected in a special election.

I have proudly worked for the City of Fresno for the past 10 years as a bus operator. Serving the community where I was raised has been one of the greatest privileges of my career. Before joining the City, I gained experience in logistics, law enforcement, and mechanical work, all of which have helped shape my approach to problem solving and public service.

I was inspired to serve on the Retirement Board because I believe retirement planning deserves far more attention than it often receives. Before coming to the City, I had never worked for an employer that offered a pension. At first, I didn't fully understand what a pension was or the incredible value it provides. As I learned more, I came to appreciate what a tremendous benefit it is, not just for me, but for my family and for every City employee. Rather than sit on the sidelines, I chose to become involved so I could learn, contribute, and help protect one of the most important benefits our employees earn through their years of service.

Outside of my work with the City and the Retirement Board, I also serve as a Trustee on the City's Health and Welfare Trust, helping oversee the benefits provided to City employees. I also have the privilege of serving as President and Business Agent of the Amalgamated Transit Union (ATU) Local 1027. While I wear many hats, serving on the Retirement Board holds a special place in my heart because I know the decisions we make today will directly impact the retirement security of current and future employees.

When I'm not working, I enjoy restoring my 1957 Chevrolet pickup truck. It's been a slow and sometimes challenging project, but it has taught me that meaningful progress happens one step at a time. More than anything, I cherish spending time with my family. My wife, Cynthia, and I are blessed with four wonderful children. Isabella, Kyanu, Ezio , and our youngest, Stelios. Whether we're attending church, taking long walks with our golden retriever, Delilah, or simply enjoying time together, my family is my greatest source of motivation and reminds me every day why protecting the retirement security of City employees is so important.

It is truly an honor to serve alongside my fellow trustees and the outstanding Retirement Office staff. Their professionalism, expertise, and dedication give me great confidence in the future of our retirement system. Together, we are entrusted with safeguarding the retirement security that generations of City employees have worked so hard to earn. I am proud to be part of the City of Fresno, and I remain committed to serving our members with integrity, transparency, and a long-term focus on protecting the strength of our retirement system for years to come.

Congratulations TO OUR RECENT RETIREES

January 1, 2026 to June 30, 2026

Laura Atencio
Elena Bowen
Mario Casillas
Cynthia Cazares
David Cedillo
Sandra Cetti
Gerald Chandler
Stephen Conner
Cornell Contreras
Michael Cruz
Robert Cummings
Kathleen Deborde
Soonie Djaffer
Darryl Duchene
Nicole Fields
Kenneth Gowdy
Alice Green
Ralph Kachadourian
Lorraine Kuroda
Patricia Laygo
Donna Leslie
Sharon McCammack
Jennifer Misner
Cecilio Molina
Bridgette Morgan
Randolph Nichols
Mondo Pearson
Lupe Perez
Kenneth Phillips
Christian Pirok
Diane Printz-White
Craig Ricci
Gloria Rivera
Romina Romero
Ricardo Rosas Rodriguez
Felipe Santana
Ronald Simons
Andre Summers
David Teraoka
William Thornhill
Rick Trevino
Raymond Velasquez
Nou Xiong
Kirk Yonezawa

20 Senior Discounts You Probably Don't Know About, But Should

By Haley Adams Raymond, Madison McGee

www.goodhousekeeping.com

Several of these deals vary by location, so check in before you pay a visit. And as always, there's often the fine print detailing which items apply. You also want to make sure to have an ID on hand when you're taking advantage of these deals.

1. Amazon Prime - Amazon offers up to **50% off** a monthly Prime membership for seniors who receive government assistance.
2. Papa Johns - AARP members get **20% off** online orders.
3. Marriott - Anyone 62 and older is eligible to save at least **10%** on a Marriott hotel stay.
4. IHOP - offers a **55+ Menu**, with discounted prices
5. DoorDash - offers AARP members **25% off** their first order of $15 or more.
6. Walgreens - The first Tuesday of every month is Senior Day at Walgreens. Customers 55 and up who are enrolled in the MyWalgreens rewards program can get up to **20% off** their purchase
7. Kohl's - Shoppers 60 and up can stop by any Kohl's location on Wednesdays to get **15% off** select brands.
8. T-Mobile - Customers ages 55+ can sign up for one of T-Mobile's discounted senior plans, which gives users two unlimited lines starting at $60 a month.
9. Amtrak - offers a **10% off** discount on most rail fares for passengers 65 and older
10. Hertz - Drivers over 50 can score up to **20% off** base rates when renting a car through Hertz.
11. LensCrafters - AARP - offers members steep discounts on glasses, including up to **50% off** lenses, **30% off** sunglasses and **10% off** contact lenses. Members can also get their eyes checked for a $55 co-pay at participating locations.
12. Denny's - Offers a discounted **55+ Menu**, available whether you dine in or order online. (AARP members can *also* claim a **15%** discount on Denny's menu items.)
13. Chili's - Chili's offers seniors **10% off** their check, excluding alcohol.
14. National Park Service Pass - U.S. citizens 62 and older can purchase a Senior Annual Pass for $20 (or opt for a Senior Lifetime Pass for $80)
15. Michaels - anyone over 55 can receive **10% off** their purchase every day.
16. Krispy Kreme - Get **10% off** a hot and delicious donut from Krispy Kreme at locations across the country.
17. Goodwill - most Goodwill stores offer some type of weekly senior discount, typically between **15% and 25% off**.
18. Carrabba's Italian Grill - offers AARP members **10% off** when you show your card or mention your membership over the phone for takeout orders.
19. AMC Theatres - Although discounts vary by location, movie buffs ages 60 and up can take advantage of slashed ticket prices at participating AMC Theatres.
20. Outback Steakhouse - AARP members get **10% off** food and non-alcoholic beverages.

Employees System
COLA

2.6%

Effective
JULY 1, 2026

Employees System
DROP RATE

5.70%

Effective
JULY 1, 2026

If you have any questions about your COLA or DROP rate for FY2027, please call our office at 559-621-7080.

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