# Member Handbook

For Members Hired Before
January 1, 2013

Sacramento, California

Sacramento County Employees' Retirement System

SCERS

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**It's never too early to start thinking about retirement,** and as a member of the Sacramento County Employees' Retirement System (SCERS), you are part of a program designed to help you achieve a financially secure future. For over 70 years, SCERS has provided eligible employees of Sacramento County and other Participating Employers[2] the opportunity to earn retirement benefits they can count on. SCERS provides lifetime monthly benefits when a member retires or becomes disabled, and survivor benefits to eligible Beneficiaries of a deceased member.

If you were hired before January 1, 2013, this Member Handbook is an excellent resource for you as a member of SCERS. It provides you, your family, and your Beneficiaries with details on your SCERS member benefits and explains the services you can expect from the SCERS organization. This handbook is organized by various stages of your SCERS membership. It outlines what you need to know as you continue your career with your SCERS Participating Employer, and as you approach retirement and then retire. Also included is a separate section that addresses your needs when certain job changes and life events occur. In addition, this handbook provides examples and worksheets for estimating your potential benefit under various scenarios.

We encourage you to take some time to read through this handbook. It is an important educational tool that describes all of your SCERS benefits. Keep it for ongoing reference and use it as you plan for a secure retirement. You may also download this handbook in PDF format from SCERS' website, www.scers.org.

SCERS is committed to serving our members—we are here when you need assistance in understanding the benefits available to you, and here when you are ready to retire. Please contact SCERS with your inquiries, questions and concerns.

We encourage you to visit the SCERS website often—it's your one-stop resource for all your SCERS information needs. The site includes important announcements and notices, information regarding retirement planning tools, forms and publications[3] you can download, and a retirement Benefit Calculator. You will also find information about the SCERS organization, including the Board of Retirement members, meeting agendas and minutes, member and employer contribution rates, financial and audit reports, and investment performance reports.

[2] Refer to Section 9, Glossary, for a definition of capitalized terms used in this handbook.

[3] You may obtain the forms and publications referred to throughout this Member Handbook by visiting SCERS' website or contacting our office.

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## Important Legal Disclaimer

This handbook provides information regarding the defined benefit pension plan administered by the Sacramento County Employees' Retirement System (SCERS). It includes a general description for members hired before January 1, 2013, of the structure of SCERS' Defined Benefit Pension Plan, roles and responsibilities of the various parties involved, descriptions of administrative procedures and answers to basic questions. This handbook does not provide answers to specific claims and questions.

SCERS was established in 1941 by the Sacramento County Board of Supervisors to provide retirement, disability, and survivors' benefits to eligible members of SCERS employed by Sacramento County and participating special district employers.

SCERS is governed by specified provisions of the California State Constitution, state law and the federal Internal Revenue Code1 as implemented and administered by the SCERS Board of Retirement. These provisions vest the Board with plenary authority and fiduciary responsibility for the investment of plan assets and the administration of the System, and establish SCERS as a separate and independent governmental entity from the public employers that participate in SCERS.

No statement in this handbook is a legally binding interpretation, enlargement, or amendment of applicable provisions of law or SCERS' policies. If conflict arises between the information presented in this handbook and governing law, the law, Board Policies, and Board resolutions will prevail over the information contained in this handbook.

The information presented in this handbook should not be construed as legal advice or as a legal opinion on specific facts.

[1] SCERS is a cost-sharing multiple-employer public employee retirement system, enacted and administered in accordance with the provisions of the:

Article XVI, Section 17 of the California State Constitution

County Employees Retirement Law of 1937 (CERL)
*Title 3, Division 4, Part 3, Chapters 3 and 3.9 of the California Government Code (Sections 31450, et seq.)*

California Public Employees' Pension Reform Act of 2013 (PEPRA)
*California Government Code Sections 7522 through 7522.74*

Internal Revenue Code (IRC) – various provisions applicable to tax qualified governmental pension plans

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# Section 1

**The purpose of Section 1 is to provide an overview of SCERS and SCERS' benefits.** This section also explains how a Defined Benefit Pension Plan like SCERS works.

## What is SCERS?

The Sacramento County Employees' Retirement System (SCERS) is the governmental entity that administers the retirement and related benefit plans for employees of Sacramento County and special districts that have elected to provide SCERS benefits to their employees. SCERS was established in 1941 by the Sacramento County Board of Supervisors and is governed by specified provisions of the California State Constitution, state law (County Employees Retirement Law of 1937 or "CERL" and the California Public Employees' Pension Reform Act of 2013 or "PEPRA"), and the federal Internal Revenue Code (IRC).

SCERS is a "qualified plan" that the Internal Revenue Service approves as meeting the requirements of Section 401(a) of the Internal Revenue Code. This means that contributions paid to SCERS, interest thereon, and income from SCERS' investment of plan assets is tax deferred until received as a benefit from the plan by eligible members or their Beneficiaries.

SCERS is a cost-sharing multiple-employer public employee retirement system. Since its establishment by the Sacramento County Board of Supervisors in 1941, SCERS has provided retirement, disability, and survivors' benefits to eligible members of the System. SCERS is a separate and independent governmental entity from the public employers that participate in SCERS.

The benefits administered by SCERS are a significant part of the comprehensive benefits package that Participating Employers offer to eligible employees. The benefit plan design and features applicable to members are generally determined through collective bargaining from the available alternatives defined and limited by applicable governing law.

## About SCERS


What is SCERS?

What We Do

The SCERS Board of Retirement

How SCERS Benefits Work

Plan Funding

Planning for Income in Retirement

## SCERS Mission

**SCERS is dedicated to providing the highest level of retirement services and managing system resources in an effective and prudent manner.**

SCERS is committed to carrying out its mission through a competent, professional, and impartial decision-making process. In providing benefits and services, all persons are treated fairly and with courtesy and respect. Investments are managed to balance the need for security with superior performance. We strive for excellence in all activities.

**SCERS' Core Values:**
In fulfilling our mission as a retirement system, we are committed to:

- The highest levels of professionalism and fiduciary responsibility.
- Acting with integrity.
- Competent, courteous and respectful service to all.
- Open and fair processes.
- Safeguarding confidential information.
- Cost-effective operations.
- Stable funding and minimal contribution volatility.
- Effective communication and helpful education.
- Maintaining a highly competent and committed staff.
- Continuous improvement.
- Planning strategically for the future.

The County and participating special districts are referred to as Participating Employers of SCERS. SCERS administers ongoing retirement benefits for the employees of ten Participating Employers:

County of Sacramento

Sacramento Employment and Training Agency

Superior Court in Sacramento County

Galt-Arno Cemetery District

Carmichael Park and Recreation District

Mission Oaks Park and Recreation District

Elk Grove-Cosumnes Cemetery District

Orangevale Park and Recreation District

Fair Oaks Cemetery District

Sunrise Park and Recreation District

## What We Do

SCERS provides members and Participating Employers with cost-effective benefits and superior customer service. SCERS also selects and relies on a prudently managed investment portfolio in order to fund and sustain these benefits.

## The SCERS Board of Retirement

The SCERS Board of Retirement (the "Board") has nine regular members and two alternate members. The Board is responsible for administering the pension plan in accordance with governing law, protecting the assets of the pension plan and the interests of the plan Beneficiaries, and managing risk. The Board is also responsible for establishing the policies that govern the administration of SCERS' retirement plan, for making benefit determinations, and for managing the investment of the system's assets.

The Board oversees the SCERS staff in performing their duties in accordance with applicable law, SCERS regulations, and Board policies, but delegates the day-to-day administrative responsibilities to the Chief Executive Officer.

The following table shows the composition of the Board. All trustees serve three-year terms, except the ex-officio trustee who serves for as long as the office is held.

| SCERS Board of Retirement | | |
|---|---|---|
| Type of Member | Elected/Appointed By | Number of Members |
| Trustee | Appointed by Board of Supervisors | 4 |
| Retired Trustee | Elected by Retired Members | 1 |
| Alternate Retired Trustee | Elected by Retired Members | 1 |
| Miscellaneous Trustee | Elected by Active Miscellaneous Members | 2 |
| Safety Trustee | Elected by Active Safety Members | 1 |
| Alternate Safety Trustee | Elected by Active Safety Members | 1 |
| Ex-Officio Trustee | County Director of Finance | 1 |

The Board's responsibilities include:

- Setting investment strategies;
- Establishing a process for selecting investment advisors and managers to invest the SCERS trust's assets in stocks, bonds, real estate, and other high grade income-producing investments;
- Selecting actuaries to assess the plan's funded status and measure benefit costs;
- Providing a process for and reviewing Disability Retirement applications; and
- Selecting a Chief Executive Officer who, under the Board's direction, is charged with carrying out retirement law and Board policy and maintaining a professional staff to conduct day-to-day operations.

The Board holds regularly scheduled meetings that are open to SCERS members and the public. The meeting agendas and minutes are posted on our website, www.scers.org, for your review and convenience. In addition to the website, agendas are posted prior to scheduled meetings at the following locations:

- Main lobby of the Park Tower Building, 980 9th Street, Sacramento, California.
- Lobby of the SCERS Administrative Offices, 980 9th Street, Suite 1900, Sacramento, California.
- Main floor of the County Administration Building at 700 H Street, Sacramento, California.

## Q&A

**How do I find out about Board meetings? Can I attend them?**

Generally, all Board meetings are open to the public. Copies of Board meeting agendas and minutes are available on the SCERS website.

## Q&A

**Can the County access the retirement system funds and use them for other purposes?**

No. Once the contributions and investment earnings come into the retirement system, they are held in trust by SCERS for the exclusive benefit of SCERS Members and their Beneficiaries. SCERS has a fiduciary responsibility to safeguard these assets in order to provide benefits.

## How SCERS Benefits Work

SCERS is a Defined Benefit Pension Plan qualified under Section 401(a) of the Internal Revenue Code. Whether you are a Retired Member or Beneficiary already receiving a monthly SCERS benefit, an Active Member nearing retirement, or just starting your career, your SCERS benefits are secure and will be paid as promised. SCERS can say this with confidence for several reasons:

- SCERS is a Defined Benefit Pension Plan, in which your benefits are fixed by law based on your years of service, your Final Compensation, and your age at retirement. Once your SCERS benefits have been earned, they cannot be reduced or eliminated.
- SCERS has a broadly diversified investment program designed to help mitigate the impact of bad investment performance in one or more areas of the financial markets.
- SCERS has successfully weathered difficult financial market experiences in the past and rebounded strongly when the investment markets recovered.
- In the end, SCERS Members have the security of knowing that, by law, your benefits are ultimately guaranteed by your employer.

## Plan Funding

SCERS plan benefits are funded through three sources:

- Participating Employer contributions;
- Member Contributions; and
- Investment earnings, which generate most of the funding for the benefits provided by SCERS.

### Investment Earnings

The SCERS Board has the exclusive authority and fiduciary responsibility for the management of SCERS' investment program. In carrying out this duty, the SCERS Board establishes the strategic direction, asset allocation, return and risk parameters, and investment policies for the investment program. The SCERS Board receives guidance in making these decisions from its internal staff of investment professionals and from expert investment consultants who also serve as fiduciaries for the pension trust fund.

SCERS maintains an overall investment policy designed to achieve a diversified investment portfolio. An integral part of the investment policy is the strategic asset allocation, which is designed to provide an optimal mix of asset classes with return expectations that correspond to expected liabilities. The strategic asset allocation also emphasizes maximum diversification of the portfolio, both geographically and by investment type, to protect against the possibility that a particular asset class or part of the world may experience poor investment performance in a given time period.

All of the assets of the retirement system are invested by professional investment management firms hired under a process established by the Board. SCERS closely monitors its investment managers to assure that they are complying with their assigned investment mandate and SCERS' investment policies, and that they are meeting SCERS' long-term investment performance objectives.

SCERS believes that a strong, collaborative partnership between internal staff, consultants and investment service providers not only assures the prudent oversight of the fund, but produces significant investment value over time in the form of higher returns, lower risk and lower costs.

Funding for retirement benefits calls for a long-term approach to investing, and accordingly, SCERS' investment program maintains a long-term investment horizon. No investment program can guarantee a specific level of investment performance, especially over short-term periods. However, SCERS' investment program is regularly reviewed to assure that it is well-positioned to meet its long-term investment objectives. It is also important to note that since SCERS is a Defined Benefit Pension Plan, the investment return SCERS achieves in any given year does not affect the benefit you receive.

## Participating Employer and Member Contributions

Employer and Member Contributions make up an important source for funding the SCERS plan. Contribution rates are set by statute, collective bargaining and by factors determined by a yearly Actuarial Valuation (or Actuarial Study). *Refer to Section 2 of this handbook for more information on retirement contributions.*

Since SCERS provides lifetime, monthly benefits, most Retired Members receive in benefit payments from SCERS much more than the contributions they paid to SCERS while working. A typical Retired Member recovers his or her Member Contributions within the first five years after retirement.

## Q&A

**As a SCERS member, am I eligible for Social Security benefits?**

Typically, SCERS members are also covered by Social Security. If you are unsure of your eligibility for Social Security benefits, contact the Social Security Administration.

# Planning for Income in Retirement

The SCERS plan offers members a secure benefit during their retirement. However, there may be other sources of income available to you in retirement, such as Social Security, your balance in a defined contribution savings plan, an Individual Retirement Account (IRA), or your own personal savings account.

## Social Security Benefits

The benefits provided by SCERS have been integrated with Social Security since January 1, 1956. This combination of benefits provides you with a retirement allowance from SCERS and, if you meet the required minimum quarters of coverage, qualifies you for Social Security benefits when you reach the minimum retirement age as defined by the Social Security Administration.

The Federal government has gradually increased the Social Security Normal Retirement Age for people born after 1937. Normal retirement age is the age at which you can collect full retirement benefits from Social Security without any reduction for early retirement.

Eligibility for Social Security benefits is set by federal law. You may contact the nearest Social Security office or refer to the Social Security website, www.ssa.gov, for information about your eligibility, rights and benefits under Social Security.

If Social Security (FICA) is deducted from your paycheck, your SCERS-covered service is considered "integrated" with Social Security. This requires SCERS to adjust the benefit allowance paid to members by a set Social Security Reduction Factor. *Refer to Section 5 of this handbook for more details and an example.*

## Deferred Compensation Plan

A defined contribution plan, such as a Section 457 deferred compensation plan, works much differently than a Defined Benefit Pension Plan. Under a defined contribution plan, you choose how much to contribute toward your retirement savings. Contributions are deducted from your pay on a pre-tax basis. You decide how to invest the contributions, and your plan account balance fluctuates with the performance of your investments over time. The amount of money available upon retirement is based on your actual account balance—and it's up to you to make that money last through your retirement.

As a County employee, you have an opportunity to enroll in the County of Sacramento 457(b) Deferred Compensation Plan. Deferred Compensation is a voluntary retirement savings plan that offers a convenient, tax-advantaged way to save for your retirement. For more information on the County's Plan, contact the Department of Personnel Services, Deferred Compensation Office: 700 H Street, Sacramento, CA, 95814; phone number: (916) 874-2020.

If you are not a County employee, your Participating Employer may provide a similar tax-advantaged savings program. Contact your human resources or payroll department for more information.

## Q&A

**Can SCERS help me with questions I have about the County's deferred compensation plan?**

No. SCERS does not administer the County's 457 deferred compensation plan and does not give advice regarding investments under that plan. If you are a County employee, contact the County Deferred Compensation Office at (916) 874-2020. If you work for another Participating Employer, contact your human resources department or the record keeper of your deferred compensation plan.

## The SCERS Plan vs. Defined Contribution Plans: What's the Difference?

| Plan Feature | SCERS Defined Benefit Pension Plan | vs. | Defined Contribution Plan (e.g., Sacramento County 457 Plan) |
|---|---|---|---|
| Participation: | Mandatory (with exceptions). | | Voluntary. |
| Your benefit at Retirement: | The plan provides a lifetime monthly retirement benefit determined based on benefit factors defined in statute and applied to the plan. | | Your benefit at retirement consists of the balance in your account. |
| Benefit calculation Factors: | Based on your age, years of Service Credit, compensation, your benefit plan and Tier, and the retirement payment option you select. | | Based on your account balance at retirement. |
| Plan funding: | You and your employer are required to contribute to the plan on a pre-tax basis. Annual contribution amounts are set by law and subject to further bargaining between the employer and the recognized employee organizations. SCERS manages and invests the plan's assets.<br><br>The plan's assets (contributions and investment earnings) are used to pay benefits to current and future Retired Members. | | You make voluntary pre-tax contributions to your account. You invest your contributions, and the gains (or losses) accumulate in your account over time. |
| Impact of the stock and bond markets: | Has no effect on the benefit you receive at retirement. | | Affects your investment earnings and thus, the size of your account balance at retirement. |
| Impact of Cost-of-Living Adjustments (COLA): | You may be eligible for annual COLA to your monthly benefits during retirement. | | There are no COLA in a deferred compensation plan. |

# Section 2

**Congratulations on being a SCERS member.** Your SCERS-eligible employment with the County or another Participating Employer will help you to take an important step in achieving a secure retirement.

This section provides SCERS plan information that may be of interest to both new and long-established members—topics such as plan eligibility, membership types, employer and Member Contributions, benefit levels and formulas, and Reciprocity with other public retirement systems are covered.

**Please note that this information is specific to members hired before January 1, 2013 (Legacy Members). If you became a member of SCERS after December 31, 2012, please refer to the Member Handbook—PEPRA Edition.**

## Eligibility for SCERS Membership

If you are an employee of the County or one of the nine other Participating Employers, and you hold a permanent full-time or part-time position, you are automatically enrolled in SCERS unless you are eligible to waive membership. Your membership is continuous for as long as you are employed in a SCERS-covered position.

Your membership in SCERS is effective the day you begin employment in a SCERS-covered position. You earn Service Credit for each hour worked and pay your required Member Contributions to SCERS through payroll deductions.

## Enrolling as a SCERS Member

When you become a SCERS member, you are provided with a Member's Affidavit form, which allows you to provide SCERS with pertinent personal information and to designate a Beneficiary for plan benefits.

If you are a Deferred Member of SCERS returning to active membership, or joining SCERS with incoming Reciprocity as a member of a Reciprocal System, you will need to complete and submit a Member's Affidavit form to SCERS.

## Membership


Eligibility for SCERS Membership

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Designating or Changing Your Beneficiary(ies)

Membership Categories

Benefit Tiers

Retirement Contributions

Earning Your SCERS Plan Benefits

SCERS Plan Benefits and Formulas

Reciprocity

New Member Checklist

## Take Note

**Spouses/registered domestic partners have legal rights to benefits, which supersede any other designated Beneficiary.**

At SCERS, you are required to notify your current spouse or registered domestic partner if you change your Beneficiary, request to withdraw your Member Contributions, or elect an Optional Settlement (joint and survivor) for your retirement benefits. Your spouse/registered domestic partner may waive his or her rights to your benefits by completing a notarized waiver.

**There are special considerations for designating a minor child as your Beneficiary.**

If you are designating a minor child as a plan Beneficiary, you may wish to also designate an adult as "custodian" to receive and manage payments for the minor until an age you choose. If you do not designate a custodian, court appointment and supervision by a guardian will be required and all funds will be distributed to the guardian if your Beneficiary is under age 18.

## Designating or Changing Your Beneficiary(ies)

The Member's Affidavit form you complete and submit to SCERS when you establish membership requires you to designate a Beneficiary who will receive benefits payable in the event of your death. If you die before you retire or are eligible to retire, your Beneficiary will receive, at a minimum, a return of your Member Contributions on account with SCERS. *Refer to Section 6 of this handbook.*

You may designate your spouse/registered domestic partner, child, other family member, any other person, including a trust, as your Beneficiary (except that a trust may not be designated as your Beneficiary for a joint and survivor benefit when you retire). You may also designate multiple Beneficiaries if you like and you can change your designated Beneficiary(ies) at any time, subject to certain restrictions. You must include each Beneficiary's name, birthdate, Social Security number, and relationship to you. If designating more than one Beneficiary, you must specify the percent share to be paid to each Beneficiary, and the total shares for all designated Beneficiaries must be 100%.

It is important to keep Beneficiary designations current to ensure payments to the appropriate individuals. To change your designated Beneficiary(ies), you must complete, sign and submit a new Member's Affidavit form to SCERS.

## Membership Categories

The designation assigned to each job classification eligible for SCERS membership determines the level of benefits that applies to service accrued by a member while in that job classification. There are two Membership Categories:

- **Safety Membership** applies to active law enforcement, firefighting or other positions that have been designated as Safety.
- **Miscellaneous Membership** applies to all other positions that are not designated for Safety Membership.

## Benefit Tiers

SCERS has differing benefit levels, or "Tiers," within each Membership Category, based on a member's Participating Employer and date of hire or re-hire in employment subject to SCERS membership as shown below:

- **Miscellaneous Tier 1** – Members hired on or before September 26, 1981.
- **Miscellaneous Tier 2** – Members hired between September 27, 1981 and June 26, 1993 who did not convert to Miscellaneous Tier 3 with eligibility and effective dates varying by collective bargaining agreement.
- **Miscellaneous Tier 3** – Members hired on or after June 27, 1993, with eligibility and effective dates varying by collective bargaining agreement, and members of Tier 2 who elected to convert to Tier 3 for all future service.
- **Miscellaneous Tier 4** – Members hired by the County between January 1 and December 31, 2012. Eligibility dates vary by collective bargaining agreement.
- **Safety Tier 1** – Members hired prior to June 25, 1995. Eligibility dates vary by collective bargaining agreement.
- **Safety Tier 2** – Members hired on or after June 25, 1995. Eligibility dates vary by collective bargaining agreement.
- **Safety Tier 3** – Members hired by the County between January 1 and December 31, 2012.

Your Benefit Tier determines the formula used to calculate your retirement benefit, as well as the maximum annual Cost-of-Living Adjustment (COLA) that you may receive as a Retired Member.

## Retirement Contributions

Employer and Member Contributions provide an important source of funding for the benefits paid by SCERS to current and future Retired Members and their Beneficiaries or Eligible Survivors. Contribution rates are determined annually by the plan actuary pursuant to applicable law and various actuarial assumptions and factors and are determined for each Membership Category and Benefit Tier. The retirement contribution rates recommended by the plan actuary are approved by the SCERS Board in November, and take effect for the fiscal year that begins the following July.

## Take Note

### Not sure of your Benefit Tier?

You can access your account information at the SCERS website, www.scers.org. You can also refer to your annual member statement, which states your current Membership Category and Benefit Tier, or consult with your employer's Human Resources Department.

## Q&A

### Are all employees automatically members of the retirement system?

No. Persons employed in temporary, seasonal, intermittent, and contract positions are not eligible for SCERS membership. An employee first hired by a Participating Employer at age 60 or older may waive membership by submitting a written request to SCERS. The option to waive membership also applies to elected officials when they first take office. Once an employee waives membership, the waiver is irrevocable and that employee cannot request SCERS membership later.

## Q&A

### Can I change my contributions to my retirement account?

No. Member contribution rates as set by the Board may not be changed by individual members.

### Can my retirement account be used as collateral for a loan and/or can I make a withdrawal from my retirement account for an emergency?

No. You are not allowed to borrow against your Member Contributions or make withdrawals for emergencies. Your Member Contributions to SCERS help fund the monthly allowance you will receive for your lifetime when you retire.

## Take Note

Termination and immediate rehire for the purpose of withdrawing Member Contributions is prohibited by law.

## Member Contributions

Your Member Contribution rate will depend on your Membership Category and Benefit Tier, and applicable provisions of the collective bargaining agreement for your job classification. The contribution rate is applied to all pension-eligible compensation. *Refer to Appendix A for a summary of pension-eligible pay elements.* Your contributions are made through regular payroll deductions, before taxes are withheld, and are credited to your SCERS retirement account.

Interest on funds that have been in your account for at least six months is credited to your SCERS retirement account on June 30 and December 31 of each year. The semi-annual interest crediting rate is determined by Board policy. It is the lower of a rate equal to one-half of the 5-year Treasury Note rate in effect as of the interest crediting date, or one half of the interest crediting rate for other valuation reserves maintained by SCERS.

Your Member Contributions are held in trust by SCERS for you and your Beneficiaries. Your SCERS account balance belongs to you from the day your SCERS membership begins. When you retire, your Member Contributions, along with the contributions your employer paid on your behalf and SCERS' investment earnings, fund the retirement benefits you receive from SCERS.

If you terminate all employment with all Participating Employers before you retire, and you do not establish membership in a Reciprocal System within six months, your Member Contributions may be withdrawn or, in the event of your death before retirement, are payable to your designated Beneficiary.

## Employer Contributions

Your employer pays retirement contributions to SCERS based on your Membership Category, Benefit Tier, and pension-eligible compensation. Actual versus expected experience of the plan, including investment return on plan assets, also affects employer contribution rates.

Employer contributions are pooled to fund the current and future benefits payable to eligible SCERS members; they are not held in individual members' accounts. **Employer contributions are never distributed to a member as part of the member's withdrawal of contributions.** If you terminate all employment with all Participating Employers prior to retirement and elect to withdraw your Member Contributions, you will not receive any of the retirement contributions your employer paid to SCERS based on your pension-eligible compensation.

## Earning Your SCERS Plan Benefits

When a member is "Vested," it means that he or she has earned a right to receive a monthly SCERS retirement benefit upon retirement eligibility. *Refer to Section 5 of this handbook.*

You are considered to be a "Vested" member in SCERS if any of the following apply:

- You receive credit for five (5) years of full-time service with a Participating Employer.
- You reach age 70, regardless of the number of years of service.
- You are eligible for Vested status based on prior public employment covered by a Reciprocal System. *Refer to "Reciprocity" at the end of this section of this handbook.*

### Important

If you are Vested and terminate employment and elect to withdraw your Member Contributions, you cease to be a member of SCERS and forfeit your eligibility and rights to any and all benefits from SCERS you may have been eligible to receive had you left your Member Contributions on deposit with SCERS. Refer to Section 4 of this handbook for more information on the options available to you upon termination of employment.

## SCERS Plan Benefits and Formulas

SCERS provides Service Retirement and Disability Retirement benefits to members, and death benefits to a member's Beneficiary(ies) and/or Eligible Survivor(s). Under current law, once earned, Vested benefits cannot be reduced or taken away.

Benefits include your lifetime monthly retirement benefit allowance, a Continuance payment (generally lifetime) paid to your Beneficiary or Eligible Survivor(s), a post-retirement death benefit, and for most Benefit Tiers, an annual COLA. *Refer to Section 5 of this handbook.*

Your SCERS Service Retirement allowance is calculated using the formula for your Membership Category and Benefit Tier, which considers the following three factors:

- Your age at retirement;
- Your years of Service Credit at retirement; and
- Your Final Compensation.

In general, the higher the above factors, the greater your benefit.

*Refer to Appendix C and Appendix D for the different age factors used to calculate your benefit based on your Membership Category and Benefit Tier.*

### Q&A

**How many years of service do I need to become Vested?**

You are Vested for SCERS benefits when you have five (5) years of full-time Service Credit.

### Q&A

**I am currently working for a SCERS Participating Employer, but I am not a member. Who do I contact if I think I am eligible for membership in SCERS?**

To learn more about eligibility for SCERS membership or to discuss your specific situation, you should contact SCERS by phone at (916) 874-9119, by email to sacretire@saccounty.net, or write to SCERS, 980 9th Street, Suite 1900, Sacramento, CA 95814.

## Q&A

**Before my SCERS membership, I was a member of another public retirement system. How does this affect my SCERS membership?**

You may be eligible to establish Reciprocity between SCERS and the other retirement system if:

- The other public retirement system has a reciprocal service agreement with SCERS;
- Your Member Contributions were left on deposit with the other system; and
- No more than six months has elapsed between your termination of employment covered by the other retirement system and establishing SCERS membership.

If you withdrew your member contributions from the other system, you may be able to purchase Service Credit in SCERS for your prior public service you forfeited when you withdrew your contributions from your former retirement system. In certain circumstances, you may be able to redeposit your previously withdrawn contributions with the former retirement system.

# Reciprocity

Reciprocity allows a person whose employment with two or more governmental employers is covered by similarly administered California public retirement systems to "connect" their service for retirement benefit purposes. The eligibility and benefits of Reciprocity are specified in statute and are intended to encourage a career in public service.

SCERS has reciprocal service agreements with the California counties that operate under the CERL, the State of California retirement systems (CalPERS, CalSTRS, UCRP and JRS), and the retirement systems of charter cities and counties. Please contact SCERS to confirm whether a particular public employer has a reciprocal service agreement with SCERS.

## Benefits of Establishing Reciprocity

There are several benefits to establishing Reciprocity if you are joining SCERS and are also a member of a Reciprocal System or if you leave SCERS-covered employment in the future and become a member of a Reciprocal System:

- Service Credit earned in a Reciprocal System is combined with your SCERS service when determining Vested status and eligibility to retire. This means you do not need to "start over" when you change employers and your service is covered by a Reciprocal System.
- The highest retirement eligible compensation attained under any Reciprocal System is used by all Reciprocal Systems to calculate your Final Compensation and determine your retirement benefits.
- Placement in a more generous Benefit Tier may be determined for those members who have established incoming or outgoing Reciprocity.

## Qualifications for Incoming Reciprocity

To qualify for Reciprocity, you **MUST** do all of the following:

- Elect to leave your contributions on deposit and defer retirement with your previous employer's retirement system. Your service in the Reciprocal System cannot overlap with your SCERS Membership Date.
- Begin membership in SCERS within six months following the termination of your employment with the Reciprocal System.
- Retire from each Reciprocal System on the same day.
- Retire from each Reciprocal System for the same reason (i.e., service or disability).

It is the previous retirement system that establishes Reciprocity. You should contact your previous public employer's retirement system to establish Reciprocity for your SCERS membership.

## Establishing Incoming Reciprocity

**Once you establish Reciprocity, your election is irrevocable**. Thereafter, you cannot withdraw contributions from the previous retirement system unless you terminate all employment for all SCERS Participating Employers and elect to withdraw your contributions from SCERS and terminate your SCERS membership. In addition, when you get ready to retire, you must file separate retirement applications with each Reciprocal System and retire from each system on the same day. You will receive a separate retirement benefit from each system based on the service earned in that system. *Refer to Section 4 for information on establishing outgoing Reciprocity.*



### Take Note

Overlapping employment will disqualify you for Reciprocity. If you wish to establish Reciprocity, you must terminate from your previous public employer before starting your employment with your next public employer. Make sure you discuss and coordinate your situation with both employers and/or retirement systems.

## New Member Checklist

Here are some simple steps to help you make the most of your SCERS membership:

- ✓ **Keep your address information up to date with your employer.** To ensure that you receive important information from SCERS, keep your home address current with your employer at all times.

- ✓ **Keep your Beneficiary information up to date with SCERS.** If you have a life change, such as marriage/registered domestic partnership, birth/adoption of a child, or divorce, review your Beneficiary designation. You may update your Beneficiary designation by submitting a new Member's Affidavit form to SCERS. If you are changing your Beneficiary due to the birth or adoption of a child or a divorce, supporting documents will be required.

- ✓ **Read SCERS informational materials.** The best way to optimize the benefits available to you is to understand how they work. We suggest that you read all materials you receive about your SCERS benefits, as well as those posted on SCERS' website. *Refer to Section 8 of this handbook.*

- ✓ **Review your Annual Member Statement**. Each year you will receive an Annual Member Statement that provides a broad range of important information, such as your Membership Category, Benefit Tier, annual and total Member Contributions, interest credited to your account and the amount of Service Credit you have earned.

- ✓ **More Questions?** Contact SCERS by phone at (916) 874-9119, email to sacretire@saccounty.net, on the web at www.scers.org, or by mail or in person at 980 9th Street, Suite 1900, Sacramento, CA 95814.

Contact SCERS at (916) 874-9119 or by email to sacretire@saccounty.net if you have questions.

# Section 3

**As you progress through your career with your Participating Employer,** you'll achieve various milestones as a SCERS member, like becoming Vested in plan benefits. Or, you may be eligible to purchase Permissive Service Credit upon your return from an unpaid leave of absence, or for service you performed prior to becoming a member of SCERS.

## Earning Service Credit

You are credited with one hour of Service Credit for every hour you work for a Participating Employer and for which retirement contributions have been deducted from your pension-eligible compensation; 2,088 service credits equals one year of full-time service.

In general, the more Service Credit you have as a SCERS member, the higher your retirement benefit will be. SCERS also uses Service Credit to determine when you are eligible to retire and receive a benefit.

## Becoming Retirement Eligible (Vested)

You become Vested in SCERS when you have credit for five (5) or more years of full-time service with SCERS or between SCERS and a Reciprocal System. When you are "Vested," you have earned a right to receive a monthly benefit upon retirement.

Vested members are eligible for Service Retirement after:

- 10 years of service, if you are age 50 or older; or
- 20 years of service, regardless of your age, if you are a Safety member; or
- 30 years of service, regardless of your age, if you are a Miscellaneous member; or
- Age 70, regardless of your number of years of service or Membership Category.

When determining your retirement eligibility, certain service purchases and reciprocal service can help meet these requirements; however, military leave, Public Service credit, or Additional Retirement Credit cannot help meet these requirements. *Refer to Section 5 of this handbook for more information on retirement eligibility.*

## Service Credit


Earning Service Credit

Becoming Retirement Eligible (Vested)

Purchasing Permissive Service Credit

30-Year Membership—Member Contributions Cease

## Q&A

### How does purchasing Service Credit benefit me?

The SCERS retirement benefit formula includes, but is not limited to, your benefit age factor, your Final Compensation, and your total Service Credit. Purchasing Permissive Service Credit increases your total years of service with SCERS, which increases your retirement benefit.

# Purchasing Permissive Service Credit

As a SCERS member, you may elect to purchase Permissive Service Credit by paying the required contributions and interest as determined by SCERS. The cost to purchase Permissive Service Credit varies depending on the type of service you choose to purchase.

If you are eligible and choose to purchase it, your Permissive Service Credit will increase your monthly retirement allowance. Purchased service may also count toward your becoming Vested and determining your retirement eligibility date. If applicable, it may also count towards 30-year membership.

You can use the SCERS Benefit Calculator on our website to see how your Service Retirement benefit will be impacted by the Permissive Service Credit you may be eligible to purchase. Your benefit from SCERS may not exceed 100% of your Final Compensation, regardless of how many years of Service Credit you earn or purchase.

You may purchase the following types of Permissive Service Credit:

| Type of Permissive Service Credit | | | | | | |
|---|---|---|---|---|---|---|
| | Pre-Membership Employment | Prior Public Service | Unpaid Medical Leave of Absence | Post Termination | Redeposit (of previously withdrawn contributions) | Redeposit to Re-Enter |
| Increases your SCERS retirement benefit? | Yes | Yes | Yes | Yes | Yes | Yes |
| Counts toward your becoming Vested? | Yes | No | Yes | Yes | Yes | Yes |
| Considered in determining your retirement eligibility date? | Yes | No | Yes | Yes | Yes | Yes |
| Counts toward 30-Year Membership? | Yes | No | Yes | Yes | Yes | Yes |
| Cost of Permissive Service Credit Based on? | Compensation and contribution rate at your SCERS Membership Date plus interest through purchase date | Compensation and twice the contribution rate at your SCERS Membership Date plus interest through purchase date | Missed contributions plus interest during leave period | Compensation and contribution rate upon your return to SCERS-covered employment plus interest | Total amount withdrawn plus interest through date of redeposit | Total amount withdrawn plus interest through date of redeposit |

The types of Permissive Service Credit purchases are explained in more detail in the following subsections.

## Pre-Membership Employment

If you worked for a Participating Employer in a capacity not eligible for SCERS membership before you became a SCERS member (e.g., as a seasonal, intermittent or temporary employee), you may purchase your service prior to SCERS membership as Permissive Service Credit. In some cases, SCERS may require earnings and employment verification from the employer. Service you performed as a contractor or through a temporary agency is not eligible for purchase.

## Prior Public Service

If you worked for another public agency before you became a SCERS member, you may be eligible to purchase up to four (4) years of that service as Permissive Service Credit with SCERS. Purchasing prior Public Service will increase your retirement benefit allowance only. It will **NOT** count toward your becoming Vested or determining your retirement eligibility date.

Verification of the dates you worked is required from your former public agency employer or corresponding retirement system. You cannot be eligible to receive a pension or retirement allowance for such service from that public agency employer, or eligible to redeposit contributions you withdrew and receive reciprocal rights from the public agency or corresponding retirement system.

Please visit our website or contact SCERS to obtain the "Purchasing Public Service Packet," which provides more detailed information and forms for the purchase of Prior Public Service.

## Public Service eligible for purchase includes employment by:

- A county or city within the State of California.
- The State of California.
- A public agency, including a public school district, situated in whole or in part within the boundaries of Sacramento County.
- The Federal government (military or civilian service).

### Take Note

Between May 2007 and December 31, 2012, Active Members of SCERS were allowed to purchase up to five (5) years of Additional Retirement Credit or "ARC" time to increase total Service Credit with SCERS. Unlike other types of service purchases, ARC was not based on prior government or public agency employment.

*Pursuant to the Public Employees' Pension Reform Act of 2013 (PEPRA), ARC purchases cannot be requested from or offered by SCERS, or any other public retirement system subject to PEPRA, after December 31, 2012.*

## Take Note

If you worked for the State of California and withdrew funds upon termination of employment covered by the California Public Employees' Retirement System (CalPERS), in some cases CalPERS will allow a redeposit when you begin membership with a Reciprocal System such as SCERS. In most cases, it is less expensive to make a redeposit to CalPERS, if allowed, than to purchase your prior CalPERS service as Public Service with SCERS. Contact CalPERS regarding your eligibility to make a redeposit.

You can purchase Permissive Service Credit for up to four (4) years of eligible Public Service at any time prior to your effective date of retirement. You must complete the purchase of all public service within five (5) years of the first payment or prior to your retirement date, whichever comes first.

**Example:**

If you are eligible to purchase four years of Public Service, you have a total of five (5) years from when you first initiate a purchase to complete it. This means that if you first elect to purchase two of the four (4) years, and you make payments over four (4) years, then you will only have one (1) more to complete the purchase of the remaining two (2) years.

### Active Military Leave – Permissive Service Credit at Retirement

If you resign or obtain a leave of absence from a Participating Employer to enter active military service, and you later return to SCERS-covered employment, you can receive Permissive Service Credit for your active military service at no cost to you.

To receive the Permissive Service Credit, you must:

- Provide a Certificate of Release or Discharge from Active Duty (Form DD214) issued by the U.S. Department of Defense;
- Separate from active military duty under conditions other than a dishonorable discharge; and
- Return to SCERS-covered employment within the period established by law after release from active duty, or within 90 days after recovering from a disability incurred while in active duty.

If you die while performing "qualified military service," you will be treated as being reemployed for purposes of Vesting and death benefits.

Your SCERS membership records are so noted and your military time is considered in the calculation of your benefits at retirement. This service may not be used to meet minimum eligibility requirements for SCERS benefits.

## Unpaid Medical Leave of Absence

If you return to active service following an uncompensated leave of absence due to illness, or leave of absence while on State Disability Insurance, you may receive up to a maximum of one year of Service Credit for the period of such absence. You must pay the contributions that you would have paid during such period, plus the interest those contributions would have earned if they had been on deposit during your absence.

If you take an unpaid medical leave, qualifying exigency leave, or military caregiver leave for qualifying reasons under the Federal Family and Medical Leave Act and the California Family Rights Act, you may make arrangements with SCERS' office to pay retirement contributions and thereby receive up to 12 weeks of retirement service credit (26 weeks for military caregiver leave) under the guideline of the FMLA.

## Post Termination Service

**(Temporary Employment between two periods of SCERS-covered employment)**

You may purchase service for a Participating Employer that was not eligible for coverage by SCERS that you performed between two periods of service that are covered by SCERS. You must pay contributions at the rate first applicable upon return to SCERS-covered employment plus interest.

## Redeposit of Previously Withdrawn SCERS Member Contributions

If you terminate your membership with SCERS, withdraw your Member Contributions, and later again become a member of SCERS, you may redeposit the funds you withdrew plus the interest that would have accrued up to the redeposit payment date had the funds remained on account at SCERS.

Partial redeposits are not permissible. The full amount of the previously withdrawn funds must be repaid in full and all previous Service Credit restored. A redeposit of your contributions restores your past Service Credit with SCERS.

A decision to forego making a redeposit means your prior Service Credit does not count towards your becoming Vested, establishing your eligibility for retirement, or in the calculation of your retirement benefit from SCERS.

## Q&A

**Am I allowed to redeposit just a portion of my prior SCERS Member Contributions?**

No. In order to affect a redeposit and receive the corresponding Service Credit, you must redeposit all previously withdrawn Member Contributions.

**What if I do not complete the redeposit before I leave SCERS-covered employment?**

You must pay the redeposit off in full in a lump-sum at termination of covered employment. If you do not, SCERS will refund to you the portion of the redeposit you have paid to date. This could affect your Benefit Tier and eligibility for and amount of your SCERS retirement benefit.

## Redeposit to Re-Enter

If you terminate your membership with SCERS, withdraw your Member Contributions, and then become a SCERS member again later, you may preserve your original Benefit Tier by redepositing all previously withdrawn contributions plus interest when you re-establish, or re-enter, SCERS membership. SCERS will provide you a notice and agreement for "Eligibility to Re-Enter to Redeposit" that includes the cost to you for the redeposit. You must complete and return the agreement to SCERS within 30 days from the date SCERS issues the notice to you.

## Initiating a Purchase of Permissive Service Credit or Redeposit

You must submit a written Request for Service Purchase Calculation to SCERS to initiate your purchase of Permissive Service Credit or request to make a redeposit of a previous withdrawal. SCERS will calculate the cost and provide you a Purchasable Service Election contract containing the terms of the purchase and your payment options. You must sign and return the Purchasable Service Election contract to SCERS in order for your purchase payments to begin.

For help with purchasing Service Credit, we encourage you to contact SCERS to schedule an appointment with a Retirement Benefits Specialist.

## Service Purchase Payment Methods

You may purchase Service Credit using one or more of the following payment methods:

- **Lump sum payment.** You may make a payment in full or in part as follows. Any balance due after applying the lump sum payment may be paid using payroll deduction installment payments.
  - Personal check or a cashier's check made payable to SCERS.
  - **Direct Rollover or Trustee-to-Trustee Transfer**. This is a transfer of pre-tax funds (eligible rollover distribution) from a qualified retirement account, usually earned from your former employment. SCERS will accept pre-tax funds from these types of plans:
    - 457 deferred compensation plan maintained by a California public agency.
    - 403(b) tax-sheltered annuity plan maintained by a California public agency.

  SCERS will only accept a direct rollover or trustee-to-trustee transfer with the required form completed and signed by the administrator of the transferring plan.

- **Payroll deduction installment payments**. You may purchase Service Credit using payroll deductions. The payments are divided equally over the term of the contract. The specific contract term may vary depending on the type and duration of service purchased. The maximum duration of a service purchase agreement for other than Public Service is the length of the time period being purchased or 10 years, whichever is less.

  The amount of your service purchase installment deduction is in addition to your regular Member Contribution deduction. The installment payments are currently deducted on a pre-tax basis. Pre-tax deductions will continue unless the Internal Revenue Service should later require the installment payments to be deducted on a post-tax basis.

  To set up an installment payment plan for your service purchase, you must sign a purchase contract and submit it to SCERS. A purchase contract is irrevocable. This means that once it begins, the payment cannot be stopped, increased, or decreased. Payments are deducted from your pay until the amount owed is paid in full and the contract is completed. The purchase contract may only be modified if you terminate employment, retire, or die.

## Limitations on Service Purchases:

- Once initiated, a service purchase agreement cannot be modified or revoked.
- You must complete a Public Service purchase within five (5) years of the first payment or prior to your retirement, whichever comes first.
- The maximum duration of a service purchase agreement for other than Public Service is the length of the time period being purchased or 10 years, whichever is less.
- All purchases of Permissive Service Credit must be completed before you retire.
- If you are on an uncompensated leave of absence while making payroll deduction installment payments toward your service purchase contract, you must continue making payments directly to SCERS (self-pay) during your absence.
- If you terminate employment and still owe a balance on your service purchase agreement, you must complete your purchase by paying off the balance in a lump sum.



## Take Note

**The following types of employment are not eligible for purchase of Service Credit:**

- Educational or sabbatical leaves.
- Non-medical leave without pay.
- Out-of-state employment (except for federal government employment).
- Employment by school districts outside of Sacramento County.
- Contract or consultant services.



## Take Note

When contemplating making a service purchase, keep in mind that if in the future you apply for a Disability Retirement, the Permissive Service Credit you purchase may not increase your benefit from SCERS. For example, a member's Service Credit is not a factor in determining the amount of a Service-Connected Disability Retirement, if granted.

## 30-Year Membership – Member Contributions Cease

Member Contributions are generally required for all periods of employment after your SCERS Membership Date. However, for all Safety members regardless of Membership Date, and for Miscellaneous members hired on or before March 7, 1973 who have maintained continuous membership in SCERS, Member Contributions stop when 30 years of Service Credit is achieved. However, employer retirement contributions continue to be paid based on pension-eligible compensation and the member will continue to earn Service Credit that will be used in the calculation of retirement benefits.

The following types of Service Credit are **excluded** from SCERS determination of the 30-year Member Contribution cut-off:

- Public Service.
- Military leave of absence.
- Additional Retirement Credit (only available for purchase from May 2007 through December 31, 2012).

We encourage you to contact SCERS if you are approaching 30 years of service and are unsure if or when this Member Contribution cut-off feature applies to you.

# Section 4

**If changes in your job or life occur, you may need to make decisions about your SCERS retirement benefits.** This section is designed to help you understand how your SCERS membership and benefits are affected by these events. It highlights what you need to do, when you need to take action, and the types of changes you can make.

## Job Status Change

**Change from full-time or part-time permanent status to seasonal, intermittent, or temporary status.** During the course of your SCERS-covered employment, your job status may change to temporary, seasonal or intermittent. If this happens, your job is no longer classified as a SCERS-covered position and your Member Contributions stop. Your account balance remains on deposit with SCERS and continues to earn interest; however, you no longer earn Service Credit. You may not withdraw your contributions unless you terminate all employment for all Participating Employers for at least 60 days.

If you subsequently return to SCERS-covered employment, you can purchase Service Credit to obtain credit for your temporary, seasonal or intermittent service. *Refer to Section 3 of this handbook for information on purchasing Service Credit.*

## Changes in Your Job or Life


Job Status Change

Membership Category Change

Moving From One Participating Employer to Another

Terminating SCERS-Covered Employment

Injury or Illness

Life Events

## Membership Category Change

If you change Membership Category during the course of your SCERS-covered employment—for example, moving from a Miscellaneous Membership position to a Safety Membership position—contact SCERS to ensure the date of this change is accurately processed. Your Membership Categories and Benefit Tiers will be listed on your SCERS annual member statement.

When you retire, your benefit under both Membership Categories will be calculated separately. The appropriate formula will be used for your Miscellaneous Membership service and the appropriate formula will be used for Safety Membership service.

## Moving From One Participating Employer to Another

If you change employment from one Participating Employer to another, you should follow these steps:

- Inform your new employer that you are already a SCERS member. You will not be required to complete a new SCERS Member's Affidavit form, but it is a good idea to update your information.
- Inform SCERS of your transition.

If you have a question about which Benefit Tier will apply to your service with your new Participating Employer, contact SCERS.

## Termination of SCERS-Covered Employment

If your SCERS-covered employment is terminated prior to your retirement, you will have an important choice to make regarding your SCERS retirement benefits. The options available to you will depend in part on if and where you are next employed.

Once SCERS is notified by your Participating Employer that your SCERS-covered employment has ended, SCERS will provide a packet of information to you that explains your options. You will need to review this information carefully, complete and sign the Disposition Request form, and submit to SCERS.

**Other Public Employment in California**

If you begin employment with another public employer in California covered by a Reciprocal System within six months of terminating your SCERS-covered employment, and you leave your Member Contributions on deposit with SCERS, you may be eligible to establish a reciprocal service agreement between SCERS and your new public employer's retirement system. *Refer to Section 2 of this handbook for information regarding the benefits of Reciprocity.*

**Employment in the Private Sector and/or outside California, or No Subsequent Employment**

If your subsequent employment is not covered by any other public retirement system in California, or if you have no subsequent employment after your SCERS-covered employment ends, you have the following options:

- **Withdraw**

  You may withdraw your Member Contributions from SCERS and terminate your SCERS membership. If you choose this option, you cease to be a member of SCERS and you forfeit your eligibility and rights to any and all benefits from SCERS you may have been eligible to receive had you left your Member Contributions on deposit with SCERS.

**OR**

- **Defer**

  You may leave your Member Contributions on deposit with SCERS. The funds in your account will continue to accrue semi-annual interest. This option maintains your SCERS membership in a Deferred Member status.

  You can request to withdraw your Member Contributions at any time as a Deferred Member, provided you have not established Reciprocity with a Reciprocal System.

  If you are, or due to subsequent events become, Vested for SCERS benefits, you can later apply for and receive those benefits when you would have become eligible had you remained in SCERS-covered employment. Your Service Credit will be calculated as of the date you deferred membership and you will not earn Service Credit as a Deferred Member; however, your benefit age factor will increase up to a maximum factor as determined by your Membership Category and Benefit Tier.

  If you later return to SCERS-covered employment, you will earn Service Credit in your original Benefit Tier.

## Withdrawal Payment Options

If you elect to withdraw your Member Contributions from SCERS and terminate your SCERS membership, you may elect to receive the payment from SCERS using the following options:

- **Your withdrawal may be paid directly to you in a lump sum.** If you are under age 59 ½, and elect a lump sum payment, you may be subject to tax or additional early withdrawal penalties. SCERS is required to withhold taxes from your lump sum distribution. Return of contributions is not immediate and is dependent upon the submission of information from you and your employer.

### Take Note

If you die while a Deferred Member, your Member Contributions will be paid in a lump sum to your Beneficiary(ies). No survivor or Continuance payments are available. *Refer to "Deferred Member Death Benefits" in Section 6 of this handbook.*

## Take Note

Generally, a distribution of funds from SCERS is a taxable event, depending on how you elect to receive the distribution. SCERS encourages you to seek professional guidance prior to withdrawing your Member Contributions from your SCERS account. SCERS cannot provide you with tax or financial planning advice.

- **Your withdrawal may be paid through a direct rollover to another eligible retirement account.** When you choose a direct rollover, your account balance may be disbursed as follows:
  - Pre-tax contributions may be rolled over into an eligible retirement account, such as an IRA or another employer's eligible retirement plan.
  - After-tax contributions may be rolled over into a Roth IRA or paid directly to you. You may choose the amounts to be rolled over into each account.

You may choose to have certain amounts of pre-tax or after-tax funds paid directly to you. Keep in mind that a distribution of amounts contributed to SCERS on a pre-tax basis will be subject to tax withholding.

If you choose a direct rollover, your distribution will be payable directly to your IRA, to another employer's plan that accepts rollovers, or to another eligible plan.

## Injury or Illness

If you are injured or become ill, whether on the job or otherwise, you may be eligible for Disability Retirement through SCERS if your condition prevents you from performing the duties of your position. To make a claim for this benefit, you must file a Disability Retirement Application with SCERS. You will need supporting documents from the physician(s) treating the condition(s) you claim are disabling.

SCERS disability retirement benefits are a valuable component of the range of benefits offered by Participating Employers to their employees. Generally, members applying for disability retirement must spend significant time and effort, and likely some expense, to complete the process and obtain a determination on their application. Members who are also eligible to retire for service at the time they consider applying for disability retirement are encouraged to compare and evaluate the economic result of each benefit alternative.

### Eligibility

To qualify for Disability Retirement, you must:

1. Be a SCERS member;
2. Have contributions on deposit with SCERS; and
3. Prove based on medical evidence that you are permanently incapacitated from performing the duties of your position.

## Types of Disability Retirement Benefits

| Types of Disability Retirement Benefits | |
|---|---|
| **Service-Connected Disability Retirement** | **Nonservice-Connected Disability Retirement** |
| Service-Connected Disability (job-related) is permanent incapacitation from performing the duties of your position resulting from an injury or illness that arises out of and in the course of your employment and your employment substantially contributes to your incapacity.<br><br>You do not have to be Vested to apply for a Service-Connected Disability Retirement.<br><br>Lifetime[1] monthly allowance is equal to 50% of your Final Compensation[2] or your regular Service Retirement allowance (if you are eligible), whichever is greater. Your eligible spouse/registered domestic partner will receive a continuance of 100% of your monthly allowance for his or her lifetime, or you can designate a beneficiary for a joint and survivor option. | Nonservice-Connected Disability (not job-related) is permanent incapacitation from performing the duties of your position.<br><br>You must be Vested (have five (5) or more years of full-time Service Credit with SCERS or in total when combined with your service under a Reciprocal System) to apply for a Nonservice-Connected Disability Retirement.<br><br>Lifetime[1] monthly allowance depends on your membership category, benefit tier, age and service credit on the effective date of your disability retirement. Generally, your monthly allowance is limited to one-third (33.33%) of your Final Compensation[2] or your regular Service Retirement allowance (if you are eligible), whichever is greater. Your eligible spouse/registered domestic partner will receive a continuance of 60% of your monthly allowance for his or her lifetime, or you can designate a beneficiary for a joint and survivor option. |

[1]If you are no longer disabled or if you return to SCERS-covered employment with a Participating Employer, your Disability Retirement allowance may be stopped or adjusted.

[2]Refer to Section 7 of this handbook for an explanation of how SCERS calculates Final Compensation. The methodology varies based on your Membership Category and Benefit Tier.

SCERS can assist you in estimating the amount you would receive if granted a Disability Retirement. Also, *Disability Retirement Formulas Benefit Estimate Worksheets* are provided as Appendix E.

## Q&A

### May I receive a regular Service Retirement benefit allowance while waiting for the Board to make a decision on my Disability Retirement application?

Yes. If you meet the eligibility requirements, you may apply for and receive your regular Service Retirement allowance pending a decision on your disability retirement application. However, doing so will make you ineligible to return to your employment in the event that your disability retirement application is denied, unless you return to employment as an Active Member and suspend your service retirement.

### How frequently and how long will I receive a Disability Retirement benefit payment?

A Disability Retirement benefit allowance is paid every month for the duration of your lifetime and, if applicable, all or a portion of your allowance will continue to be paid to your Beneficiary for his or her lifetime.

## Applying for Disability Retirement

You should file your Disability Retirement Application as soon as you are reasonably certain that your medical condition permanently incapacitates you from performing the duties of your position and:

1. You have supporting medical evidence of your disability, and

2. You are still employed, or

3. Within four months after you have discontinued service, or

4. Any time after you have separated from employment if:

   A. You have been continuously disabled since you discontinued service, and

   B. SCERS's ability to investigate your Application has not been impaired because of an unreasonable delay in filing your application.

SCERS Disability Unit staff are available to assist you with your claim for disability retirement benefits. They will provide guidance on completing your application, ensuring that all necessary supporting documentation is compiled and submitted with your application, and answering your questions about the processing of your application at each step along the way. You are encouraged to use this resource throughout the disability retirement application process. Contact SCERS to make an appointment for an individual counseling session with a Disability Unit staff member, either in person or by telephone.

SCERS retains an independent consulting physician, or Medical Advisor, to advise the Board on medical matters for disability retirement applications. SCERS may need additional medical evidence and require you to undergo an independent medical evaluation with a SCERS-selected physician at SCERS' expense. SCERS will evaluate your application and the medical evidence obtained in connection with your claim. If the medical advisor recommends your application be denied, or your application is contested, you may request an administrative hearing before a hearing officer. The Board of Retirement determines whether to grant or deny your application for disability retirement.

### Reciprocity and Disability Retirement

If you have established Reciprocity with one or more Reciprocal Systems at the time you apply for and are granted a disability retirement, each Reciprocal System will calculate your benefit based upon your service with that system and adjust its monthly allowance payments to you in accordance with the law. Your combined monthly allowance from all Reciprocal Systems cannot be greater than the monthly allowance amount you would receive had all your service been credited in one retirement system.

In some circumstances, you will not receive a disability retirement allowance from SCERS. Instead, you will receive a lifetime annuity based only on the balance of your Member Contributions on account with SCERS, which is significantly less than a full disability retirement or service retirement allowance also funded by employer contributions.

It is important to know your eligibility for and estimated amount of benefits you may receive from each Reciprocal System for service retirement, if eligible, and disability retirement, before you apply for retirement benefits from SCERS and your Reciprocal Systems.

## Life Events

### Marriage

If you get married after you become a member of SCERS, you will need to update your Beneficiary designation on file with SCERS. To do so, complete and return a new SCERS Member's Affidavit form.

Also, you should provide SCERS with a copy of your marriage certificate and your spouse's birth verification. This information will be required at the time you retire and it may be needed in the event of your death for SCERS to pay benefits to your spouse.



Take Note

**Getting Married or Divorced?**

Provide the appropriate documentation and complete a Member's Affidavit form in order to update your Beneficiary designation.

## Divorce

Generally, the benefits earned through your SCERS-covered employment during the time you are married are community property (that is, they belong equally to you and your spouse). In the event you divorce or are legally separated from your spouse, a court order may be made concerning your retirement benefits.

If it is determined by the court or through an agreement between you and your former spouse that SCERS benefits will be divided, two methods of payment are available:

- **Separate accounts.** This method divides the community property, including your Member Contributions and interest and Service Credit, into two separate accounts, one for you and one for your former spouse. This method is only available for a member prior to retirement who is not yet receiving monthly benefits from SCERS.
- **Shared accounts.** Under this method, the account itself is not divided. However, the monthly retirement benefit payments you receive from SCERS are divided between you and your former spouse.

If you and/or your spouse file for divorce, you should take the following steps:

- Refer to SCERS' Dissolution of Marriage Guidelines.
- Contact SCERS as early as possible to discuss and plan for any impact of divorce on your SCERS account and benefits.
- Update your designated Beneficiary(ies), if necessary. Complete and return a Member's Affidavit form.

The process should take place prior to your retirement so that your benefit payments will not be delayed.

## Commencement or Dissolution of Registered Domestic Partnership

The prior discussion of "marriage" and "divorce" also applies to the commencement or dissolution of domestic partnerships registered with the Secretary of State, with the date of registration substituted for the date of marriage.

## Birth/Adoption of a Child

In the event of the birth or adoption of a child, you may wish to designate your child as a Beneficiary by completing and submitting a SCERS Member's Affidavit form.

In addition, you may wish to provide SCERS with documentation verifying your child's birth or adoption. This information will be needed in the event of your death for SCERS to pay benefits to your minor child.

## Moving to a New Residence

If you move to a new residence, temporarily relocate, or change your mailing address, SCERS will need your new address and contact information. You should take the following steps, based on your status as an Active, Deferred or Retired Member:

| Active Members | Deferred and Retired Members |
|---|---|
| Update your address with your employer. Your employer is responsible for providing SCERS with updated information each pay period, including your current address. | Complete and return a new Member's Affidavit to SCERS with your updated address.<br><br>NOTE: Retired Members who relocate out of state should also review and perhaps update their state income tax withholding instructions on file with SCERS. *Refer to Section 5 of this handbook.* |

### Take Note

If you are designating a minor child as a plan Beneficiary, you may wish to also designate an adult as "custodian" to receive and manage payments for the minor until an age you choose. If you do not designate a custodian, court appointment and supervision by a guardian will be required and all funds will be distributed to the guardian if your Beneficiary is under age 18.

## Take Note

Be sure to keep your Beneficiary information up-to-date with SCERS. You can change your Beneficiary at any time. Simply complete and return a SCERS Member's Affidavit form.

## Death Prior to Retirement

It is important to keep your Beneficiary information updated. Your Beneficiary(ies) should understand they may be eligible to receive benefits from SCERS in the event of your death prior to your retirement.

If you die as an Active Member, benefits may be payable to your Eligible Survivor(s), such as your surviving spouse/registered domestic partner or eligible minor children. If you die while a Deferred Member, your designated Beneficiary will receive your Member Contributions on account with SCERS. *Refer to Section 6 of this handbook for more information regarding the death benefits that may be available to your Beneficiary(ies).*

In most cases, a Participating Employer will notify SCERS of an Active Member's death. Your Beneficiary should be prepared to notify SCERS, as well, and will need to take the following steps:

- Contact SCERS and report the death.
- Provide a copy of the deceased's death certificate.
- Provide a copy of the deceased's birth certificate, if the beneficiary is eligible for a monthly continuance benefit.
- Provide a copy of the marriage license or domestic partnership registration and copies of the beneficiary's birth certificate and social security card if they are not already on file, if the beneficiary is eligible for a monthly continuance payment.

# Section 5

**Congratulations! You have reached an important milestone—retirement.** As you embark on this exciting time, SCERS is here to help you.

This section provides details on your retirement benefit allowance and other SCERS benefits available to you. It also includes a retirement planning checklist and information regarding SCERS' Retired Member associations so you can stay connected with other Retired Members.

## Eligibility for Service Retirement

Vested members may retire upon meeting the following minimum eligibility requirements:

### Miscellaneous Members may retire:

- At age 50 or older with 10 or more years of eligible service.
- At any age with 30 or more years of eligible service.
- At age 70 or older with any years of service.

### Safety Members may retire:

- At age 50 or older with 10 or more years of eligible service.
- At any age with 20 or more years of eligible service.
- At age 70 or older with any years of service.

A member earns Service Credit for the periods of SCERS-covered employment for which the member receives compensation and pays Member Contributions to SCERS. For purposes of retirement, Vested members should note that the term "years of eligible service" means:

- Total years of SCERS Service Credit; or
- Combined years of SCERS Service Credit plus:
  - Years as a Deferred Member; or
  - Years of Service Credit with a Reciprocal System.

## Planning to Retire


Eligibility for Service Retirement

Applying for Retirement

Retirement Checklist

Your Monthly Retirement Benefit Allowance

Factors that May Impact Your Retirement Benefit and Timeline

Retirement Benefit Allowance Payments

Cost-of-Living Adjustments

Retired Member Health Care Coverage

Retired Member Life Insurance

Moving After Retirement

Foreign Addresses

Limitations on Working After Retirement

Retired Member Associations

Vested Deferred Members may retire at the same ages stated in this section if they have at least 10 years of service.

**Example:**

Craig was hired by the County in 2004 and terminated SCERS-covered employment in 2010, at which point he is 50 years old and has six years of Service Credit with SCERS. Since Craig is Vested in SCERS, he can leave his Member Contributions on deposit, making him a Deferred Member, and ultimately receive a lifetime monthly retirement allowance when eligible. The earliest Craig will be eligible for Service Retirement is on the anniversary of his Membership Date in 2014, when his six years of SCERS Service Credit is combined with four years as a Deferred Member, totaling the minimum 10 years of service required for retirement eligibility.

**Take Note**

Your Service Credit with a Reciprocal System is included when determining your eligibility for retirement.

## Applying for Retirement

When you apply for retirement, you can request a payment or "effective date" that matches the filing date of application or occurs anytime within the next 60 days. Regardless of whether you request an immediate or a future effective date, please understand that benefit payments cannot begin any sooner than the day after you terminate employment with a Participating Employer.

As you weigh your decision to retire and select a retirement date, you should also take the following actions:

- Generate a benefit estimate on SCERS' retirement Benefit Calculator on our website.
- Attend a Retirement Planning Seminar presented by SCERS.
- Go to SCERS' website to download a Service Retirement Application Packet.
- Contact Reciprocal System(s) for retirement information, if applicable.
- Call SCERS to schedule a retirement counseling session.
- Notify your employer of your retirement date (optional).
- Contact your deferred compensation provider about your deferred compensation program, if applicable.
- Contact the Social Security Administration if you are eligible for benefits.

**Take Note**

If you have been married and divorced during your SCERS membership, you need to consider what is necessary for you to receive your retirement benefits. *Refer to "Life Events" in Section 4 of this handbook.*

## Retirement Checklist

Within 90 days prior to your planned retirement date, you should make an appointment with SCERS staff and consider discussing your plans with your employer. The benefits provided by SCERS are not automatic, and must be applied for in every case.

As you plan for retirement, keep these things in mind:

- ✓ **Calculate a benefit estimate**. Use the Benefit Calculator on the SCERS' website to obtain an estimate of your monthly retirement benefit allowance.

- ✓ **Attend a retirement planning seminar**. For information about upcoming seminars and to register for a specific date, contact SCERS. The seminar schedule is also published on the SCERS website, www.scers.org.

- ✓ **Get your personal documents in order**. If you haven't already done so, you will need to provide SCERS with verification of your birthdate (birth certificate, passport, or naturalization papers). If you are married or in a registered domestic partnership, you will need to provide your spouse's/registered domestic partner's birth certificate, and marriage certificate/domestic partnership registration certificate. If you were divorced during your membership with SCERS, you should also provide the decree of dissolution of marriage/registered domestic partnership. In addition, copies of your Social Security card are needed. A Beneficiary's Social Security card will be needed if your Beneficiary will receive a monthly Continuance payment upon your death after retirement.

- ✓ **Meet with a SCERS representative to discuss your personal situation**. You can schedule an appointment by calling SCERS. Your counseling session should take place within the 90-day window prior to your retirement effective date.

- ✓ **Keep your Beneficiary information up to date with SCERS**. If you have a life change, such as marriage or divorce, or you need to change your Beneficiary for any reason (e.g., death), complete and return a SCERS Member's Affidavit form to SCERS.

- ✓ **Keep your address information up to date with your employer**. To ensure you receive important information from SCERS, keep your home address current with your employer at all times. While an Active Member, your employer will notify SCERS when you change your address. After you retire, it is your responsibility to inform SCERS in writing of any change of address by using the Member's Affidavit form.

- ✓ **Contact SCERS if you have questions**.

## Take Note

Retirement benefit age factors increase in quarter year increments and are provided in Appendices C and D.

# Your Monthly Retirement Benefit Allowance

Your SCERS monthly retirement benefit is calculated using a formula, based on these three factors:

- Your Age at retirement;
- Your total Service Credit; and
- Your Final Compensation.

The amount of your retirement benefit will also depend on your Membership Category (Miscellaneous or Safety), your Benefit Tier (Tier 1, 2, 3 or 4), and the retirement benefit payment option you elect at the time you retire. *Refer to "Retirement Benefit Allowance Payments" later in this section for details.*

The following is a description of the factors—Age, Service Credit, and Final Compensation—that are used to calculate your retirement benefit.

## Age

You receive an incremental age factor adjustment for each quarter of a year increase in your age. Depending on your Membership Category and Benefit Tier, this factor also serves to increase the value of your benefit with SCERS—up to the following ages at which the maximum factors apply:

| Membership Category | Benefit Tier(s) | Maximum Benefit Factor at |
|---|---|---|
| Miscellaneous | 1, 2, 3 | Age 62+ |
| Miscellaneous | 4 | Age 65+ |
| Safety | 1, 2 | Age 50+ |
| Safety | 3 | Age 55+ |

## Service Credit

SCERS calculates the Service Credit you earn under each Membership Category and Benefit Tier throughout your SCERS-covered employment. You earn one service credit for each hour you work in SCERS-covered employment; 2,088 service credits equals one year of full-time service. Any Permissive Service Credit you purchase will also increase your total Service Credit. In general, the more retirement Service Credit you have, the higher your retirement benefit will be, up to a maximum benefit of 100% of your Final Compensation.

## Unused Sick Leave

When you retire from SCERS, your accumulated sick leave balance at retirement is converted to additional retirement Service Credit at no cost to you. However, some SCERS members are eligible, based on the terms of their employment, to cash out a portion of their unused sick leave at retirement. Only the balance of accumulated sick leave after cash-out will be converted to additional retirement Service Credit.

Members who are eligible to cash out a portion of their unused sick leave should:

1. Notify SCERS of their arrangements by completing SCERS' Disposition of Accrued Sick Leave form (available from your employer's payroll department if your employer provides cash-out for a portion of unused sick leave);

2. Contact their payroll clerk to request a cash-out of sick leave; and

3. Must retire from SCERS the day after separating from service.

## Final Compensation

Final Compensation is the pension-eligible compensation you earn during your Final Compensation Period, which is not the same as your employee W2 wages. The Final Compensation Period varies, based on your Tier, as follows:

| If you are in: | Your Final Compensation calculation is based on: |
|---|---|
| Tier 1 | Your last 12 consecutive months of pension-eligible compensation (equivalent to one year of full time service) or a 12 consecutive month period of your choosing. |
| Any other Tiers | Your last 36 consecutive months of pension-eligible compensation (equivalent to three years of full time service) or a 36 consecutive month period of your choosing. |

The retirement benefit formula determines what percentage of your pension-eligible compensation while working will be paid to you as a monthly benefit allowance when you retire.

**Example:**

If you have 25 years of Service Credit and your Benefit Factor at your retirement age is 2% of your Final Compensation for each year of Service Credit, then you will receive approximately 50% of your Final Compensation (2% x 25 years of Service Credit = 50% of Final Compensation) as your retirement benefit.

### Take Note

Since sick leave is an employer-provided benefit, if you have questions regarding the cash-out process, you should contact your human resources department or payroll clerk. County employees may also review their respective collective bargaining agreement and Sacramento County Code § 2.100.100.b, which establishes the terms and conditions of "Management Sick Leave Compensation."

### Take Note

Deferred members **do not** earn Service Credit after termination of employment. However, your accrued sick leave hours at time of deferral will be converted to Service Credit when you apply for SCERS retirement.

## Take Note

### Reciprocal Members

If you earned your highest Final Compensation while in employment covered by a Reciprocal System and you established Reciprocity between that system and SCERS, SCERS will use your Final Compensation provided by the Reciprocal System to determine your SCERS retirement benefit.

## Take Note

To further build your understanding of how SCERS calculates your retirement benefit allowance, we encourage you to review and use the "Service Retirement Benefit Estimate Worksheet" provided as Appendix B. This walks through the steps involved in calculating your benefit. You can also use the Benefit Calculator on the SCERS website to generate an estimate of your Service Retirement benefit.

The law specifies that the retirement allowance that you receive from SCERS when you first retire cannot be greater than 100% of the Final Compensation used to calculate your retirement benefit. *Refer to Section 7 of this handbook for more information and examples on calculating your Final Compensation and your retirement benefit allowance.*

# Factors that May Impact Your Retirement Benefit and Timeline

## Cost-of-Living Adjustment (COLA)

The annual COLA is effective on April 1st each year, and you are only eligible to receive the COLA in the calendar year you retire if your retirement is effective on or before March 31st. *Refer to description of COLA later in this section.*

## Federal Government Compensation and Benefit Limitations

If your Membership Date is on or after July 1, 1996, Section 401(a)(17) of the Internal Revenue Code (IRC) limits the annual compensation that SCERS may use in the calculation of benefits. This means your Final Compensation cannot be greater than the amount of the IRC 401(a)(17) limit for the calendar year in which you retire. The limit amount is set by federal law and is periodically adjusted for inflation. If your Membership Date is prior to July 1, 1996, you are "grandfathered" and your Final Compensation will be subject to a different limit.

In addition, Section 415(b) of the Internal Revenue Code limits the annual benefit amount SCERS may pay to a Retired Member. If your Membership Date is on or after January 1, 1990, or you received a benefit enhancement on or after this date, you will be subject to this annual benefit limit. The limit is set by federal law and is periodically adjusted for inflation.

Because SCERS is a tax-qualified retirement plan, it must adhere to the federal limit on benefit payments. However, Section 415(m) of the Internal Revenue Code allows members subject to the 415(b) benefit limit to receive a separate benefit payment directly from the employer for the difference between the member's earned benefit amount and the 415(b) limit, if the employer adopted a replacement benefit plan prior to January 1, 2013.

## Receipt of Initial Benefit Payment

Your retirement benefit from SCERS begins with you filing an application for retirement. While SCERS strives to issue the initial benefit payment within 45-60 days of terminating employment, this timeline can be extended during peak retirement months (usually, the first quarter of the calendar year). This timeline can also be extended as a result of certain events, including the following:

### Community Property Issues Not Addressed Before Retirement

If you need to divide and assign a portion of your SCERS benefits as a result of an agreement with a former spouse, then you must obtain a domestic relations order ("DRO"). Failure to obtain a DRO ahead of your desired retirement date can extend both the processing of your retirement calculation and the time it takes to receive your first payment from SCERS.

### Reciprocal Service After SCERS

If you are a Reciprocal Member of SCERS and your highest Final Compensation was earned in employment covered by a Reciprocal System, SCERS cannot calculate your benefit until we receive your Final Compensation information from that retirement system. Any delay in receiving this information can extend both the processing of your retirement calculation and the time it takes to receive your first full monthly retirement benefit allowance payment from SCERS.

### Optional Settlement 4 Selection

If you elect an Optional Settlement 4 (which allows a member to provide a tailored Continuance to multiple Beneficiaries) when you retire, then SCERS will need to have your benefit calculated by the plan's actuary. Because this individualized benefit calculation usually takes longer to complete than a standard benefit calculation, Optional Settlement 4 requests can extend both the processing of your retirement calculation and the time it takes to receive your first monthly retirement benefit allowance payment from SCERS.

### Final Compensation Review

If you retire on or after January 1, 2013, the law requires SCERS to determine whether any element of compensation you received during your Final Compensation Period was paid for the purpose of enhancing your retirement benefit. Because it may take several weeks for SCERS to assess all of the required pay elements, please note that this review process can delay the time it takes to receive your first monthly retirement benefit allowance payment from SCERS.

## Take Note

Retirement allowance payment options are irrevocable. Once you have returned your signed election with a selected payment option and SCERS issues your first monthly allowance payment, you cannot change your payment option.

## Retirement Benefit Allowance Payments

**Once your monthly retirement benefit allowance payments begin, you cannot change the payment option you elected at the time of your retirement. Your selected payment option is irrevocable.**

SCERS requires that you receive your monthly benefit allowance payments by direct deposit into your bank account (checking or savings) unless you substantiate a valid hardship to SCERS demonstrating why direct deposit is not an option for you. This policy ensures you receive your monthly allowance on time every month without the risk of a paper check being lost, stolen, or delayed in delivery due to severe weather or natural disaster. Monthly allowance payments are deposited on the last business day of each calendar month.

Your retirement benefit allowance consists of:

1. The Current Service Pension, which represents the portion of your benefit allowance funded by your employer's contributions;
2. The Current Service Annuity, which represents the portion of your benefit allowance funded by your Member Contributions; and
3. The Consumer Price Index (CPI), which represents portion of your benefit allowance attributable to post-retirement Cost-of-Living Adjustments (COLA). The maximum annual increase depends upon your Benefit Tier and retirement date. *Refer to the description of COLA later in this section.*

The various retirement benefit payment options and corresponding death benefits you will choose from when you retire are shown in the following tables. Members should review the various retirement options carefully, ask questions and make an informed selection.

| Unmodified Allowance: Provides the Maximum Monthly Lifetime Benefit | |
|---|---|
| **Benefit paid to Retired Member:** | **Maximum allowance provided for Retired Member's lifetime, based on Age, Service Credit, and Final Compensation.** |
| Benefit paid to Beneficiary when Retired Member dies: | • For spouse/registered domestic partner who was married to/registered with Retired Member for at least one year before retirement date, 60% of Retired Member's monthly allowance at time of death (100% of Service-Connected Disability Retirement allowance), payable for Beneficiary's lifetime.<br>• If no eligible spouse/registered domestic partner, minor child(ren) receive, collectively, a monthly allowance that is 60% of Retired Member's Service Retirement allowance at time of death (100% of Service-Connected Disability Retirement allowance). Payable until minor child(ren) reaches age 18 (or reaches age 22 if regularly enrolled as a full-time student) or marries, whichever occurs first.<br>• For someone other than a spouse/registered domestic partner or minor child, one-time, lump-sum payment of Retired Member's Member Contributions, minus the monthly retirement allowance payments already paid by SCERS. |
| If original Beneficiary dies before Retired Member: | • Upon Retired Member's death, alternate or newly designated Beneficiary will only receive lump-sum payment of Retired Member's Member Contributions, minus the monthly retirement allowance payments already paid by SCERS. |

| Option 1: Lump Sum Benefit to Beneficiary; No Monthly Continuance | |
|---|---|
| **Benefit paid to Retired Member:** | **Slightly lower allowance for Retired Member's lifetime than under Unmodified Allowance.** |
| Benefit paid to Beneficiary when Retired Member dies: | • One-time, lump-sum payment of Retired Member's Member Contributions, minus the Annuity portion of monthly payments already paid by SCERS. May leave a higher lump-sum balance to be paid to Beneficiary than under Unmodified Allowance because contribution balance is drawn down by monthly payments to Retired Member at a slower rate. |
| If original Beneficiary dies before Retired Member: | • Upon Retired Member's death, alternate or newly designated Beneficiary will only receive lump-sum payment of Retired Member's Member Contributions, minus the Annuity portion of monthly payments already paid by SCERS. |
| Special considerations: | • If all Member Contributions have been drawn down as of Retired Member's death, there will be no balance remaining for the Beneficiary.<br>• Retired Member may designate a new Beneficiary for Option 1 at any time. |

| Option 2: 100% Joint and Survivor Annuity | |
|---|---|
| **Benefit paid to Retired Member:** | **Reduced allowance compared to Unmodified Allowance, with amount of reduction based on Beneficiary's age.** |
| Benefit paid to Beneficiary when Retired Member dies: | • 100% of Retired Member's monthly allowance at time of death, payable for Beneficiary's lifetime. |
| If Beneficiary dies before Retired Member: | • Upon Retired Member's death, alternate or newly designated Beneficiary will only receive lump-sum payment of Retiree's Member Contributions minus the monthly payments already paid by SCERS. |
| Special considerations: | • Retired Member may designate as Beneficiary anyone who has an insurable interest in the Retired Member.<br>• If designated Beneficiary dies before Retired Member, Retired Member's monthly benefit will not be increased.<br>• If designated Beneficiary is not the Retired Member's spouse and is more than 10 years younger than the Retired Member, this can result in a reduced benefit allowance to the Retired Member and the Beneficiary will not be eligible for a full 100% Continuance. |

| Option 3: 50% Joint and Survivor Annuity | |
|---|---|
| **Benefit paid to Retired Member:** | **Reduced allowance compared to Unmodified Allowance, with amount of reduction based on Beneficiary's age.** |
| Benefit paid to Beneficiary when Retired Member dies: | • 50% of Retired Member's monthly allowance at time of death, payable for Beneficiary's lifetime. |
| If Beneficiary dies before Retired Member: | • Upon Retired Member's death, alternate or newly designated Beneficiary will only receive lump-sum payment of Retired Member's Member Contributions minus the monthly payments already paid by SCERS. |
| Special considerations: | • Retired Member may designate as Beneficiary anyone who has an insurable interest in the Retired Member.<br>• If designated Beneficiary dies before Retired Member, Retired Member's monthly benefit will not be increased. |

| Option 4: Retired Member Specifies Benefit and May Designate Multiple Beneficiaries | |
|---|---|
| **Benefit paid to Retired Member:** | **Reduced allowance compared to Unmodified Allowance, with amount of reduction based on youngest designated Beneficiary's age.** |
| Benefit paid to Beneficiary when Retired Member dies: | • Retired Member specifies dollar amount or percentage of allowance to be paid to designated Beneficiary(ies). |
| If Beneficiary dies before Retired Member: | • Upon Retired Member's death, alternate or newly designated Beneficiary will only receive lump-sum payment of Retired Member's Member Contributions minus the monthly payments already paid by SCERS. |
| Special considerations: | • Retired Member may designate as Beneficiary(ies) anyone who has an insurable interest in the Retired Member.<br>• If designated Beneficiary(ies) die before Retired Member, Retired Member's monthly benefit will not be increased. |

The option in the following table can be selected along with any of the previously described options:

| Temporary Annuity | |
|---|---|
| **Temporary increase in SCERS monthly benefit allowance based on estimated Social Security benefit, with subsequent lifetime reduction in SCERS monthly benefit allowance** | |
| **Benefit paid to Retired Member:** | **Increased retirement allowance before age 62 or 65, with monthly allowance from SCERS subsequently reduced by estimated amount of monthly benefit from Social Security payable to member at age 62 or 65 as applicable.** |
| Special considerations: | • Anticipates Retired Member will apply for and receive Social Security benefits at age 62 or 65, as applicable.<br>• Retirement allowance from SCERS will be permanently reduced by full amount of estimated monthly benefit from Social Security at age 62 or 65, regardless of whether Retired Member actually receives Social Security benefit at that age.<br>• Because Social Security benefits are estimated, retirement reduction at age 62 or 65 may be more or less than actual Social Security benefit.<br>• Requires that Retired Member submit to SCERS an estimate of Retired Member's Social Security benefit issued by the Social Security Administration, based on assumption that Retired Member stops working on SCERS retirement date and begins collecting Social Security at age 62 or 65 as applicable. The estimate from Social Security is used by SCERS to determine factors for calculation of Temporary Annuity and subsequent permanent reduction in monthly allowance from SCERS.<br>• Temporary Annuity is determined and paid by SCERS; there is no communication or link to Social Security benefits. Each entity determines and pays respective benefit to the Retired Member independent of the other entity.<br>• Temporary Annuity cannot be provided if monthly allowance from SCERS is based on Disability Retirement. |

## Take Note

A Retired Member may not receive more than 100% of Final Compensation as the base monthly retirement allowance from SCERS.

## Q&A

**How often and when will I receive my checks?**

Retirement benefit allowances are paid on a monthly basis. Your monthly benefit allowance is directly deposited into your bank account on the last business day of each month.

### Deductions from Retirement Checks

Other than certain court-ordered amounts (e.g., spousal/domestic partner support or child support), the law limits the types of deductions SCERS can withhold from a monthly benefit check. These deductions must be approved by the Board, but can include deductions for income tax, Retired Member health insurance premiums, and membership dues and/or premiums for benefit programs offered by the Sacramento County Retired Employees Association.

### Tax Considerations

Your SCERS retirement benefit allowance may be subject to federal and state income tax. As a part of the retirement application process, you will complete a SCERS tax withholding form or an IRS form W4P ("Withholding Certificate for Pension Annuity Payments"). Be sure to read the instructions carefully, and consult your tax advisor if you have questions. You can update your withholding after benefits begin at any time by completing a new SCERS tax withholding form or a new IRS Form W4P.

## Cost-of-Living Adjustments

Every April 1, an annual Cost-of-Living Adjustment ("COLA"), if any, is applied to your monthly retirement benefit allowance. The maximum annual COLA is determined by the Membership Category and Benefit Tier applicable to your payment(s) from SCERS as follows:

| Membership Category and Benefit Tier(s) | | Maximum Annual COLA |
|---|---|---|
| Miscellaneous | Safety | |
| 1 | 1 | 4.00% |
| 2 | N/A | No COLA |
| 3, 4 | 2, 3 | 2.00% |

In years when the change in CPI applicable to SCERS benefits is greater than the maximum annual COLA percentage, the portion of the increase above the maximum COLA is "banked." In years when the change in CPI is less than the maximum annual COLA, the banked COLA percentage can be applied up to the maximum annual COLA percentage for your Membership Category and Benefit Tier.

In the event that there is a negative COLA in any given year, the negative COLA value will be banked and applied against past and future positive COLA reserves. In no event will your monthly retirement benefit allowance be less than your initial allowance amount at the time you retired.

**COLA Example:**

Becky is a Miscellaneous Tier 3 member who retires and receives a monthly retirement benefit allowance from SCERS beginning in March. If SCERS determines that the Consumer Price Index ("CPI") has increased 3.00% over the preceding year, Becky receives a maximum 2.00% COLA on April 1st and banks a 1.00% credit.

Becky's banked 1.00% credit will be applied to a future COLA the first time that the annual COLA based on changes in CPI is less than 2.00%.

## Retired Member Health Care Coverage

SCERS does not provide health care benefits for Retired Members. Please contact your employer about your options for securing post-employment health benefits.

## Retired Member Life Insurance

SCERS does not sponsor a life insurance program. However, the life insurance program currently offered by Participating Employers may be continued into retirement through the insurance plan provider. Please contact your employer for more information.

## Moving After Retirement

Many members nearing retirement may plan to relocate. If you leave California and you do not wish to continue your California state income tax withholding, you must complete a new tax withholding form and return it to SCERS. Your tax withholding status will remain in effect until another form is received.

## Foreign Addresses

If you are considering moving out of the United States, please contact SCERS for information on available methods for receiving your monthly benefit allowance payments from SCERS.

## Limitations on Working After Retirement

State law **prohibits** a Retired Member from returning to work for a Participating Employer without reinstating to active service, **unless**:

- The Retired Member is appointed during an emergency to prevent stoppage of public business; or
- The Retired Member is appointed because he or she has skills needed to perform work of limited duration, which cannot exceed 960 hours in a year.

If a Retired Member is eligible to be appointed without reinstatement, the following conditions apply:

- **180-Day Waiting Period** — The Retired Member cannot be employed by a SCERS Participating Employer until 180 days after the Retired Member's retirement date, unless:

  1. The governing body of the Participating Employer certifies the nature of the employment and that the appointment is necessary to fill a critically needed position before 180 days have passed and presents SCERS with a specified resolution.

  **OR**

  2. The Retired Member is a retired public safety officer or retired firefighter and is appointed to perform a function regularly performed by a safety officer or firefighter.

**AND**

- **No Unemployment Insurance** — The Retired Member has not received unemployment insurance compensation during the 12-month period prior to the appointment;

**AND**

- **No Retirement Incentive** — The Retired Member did not accept an employer-provided incentive to retire.

SCERS' "Post-Retirement Employment Policy" provides a detailed explanation of restrictions on working after retirement and is available on SCERS' website.

## Retired Member Associations

The Sacramento County Retired Employees Association (SCREA) is the only recognized association that represents Retired Members of SCERS. SCREA is a non-profit organization formed for the purpose of "promoting the welfare of the retired employees of Sacramento County in all ways compatible with the public interest, and to assist employees reaching retirement to make the transition in the most effective way." For more information, visit SCERS' website at www.saccountyretirees.com.

# Section 6

**This section explains the benefits payable by SCERS when an Active, Deferred, or Retired Member dies.**

## Active Member Death Benefits

Death benefits are payable to an Active Member's designated Beneficiary(ies) or Eligible Survivors.

There are two types of Active Member death benefits: The basic death benefit and alternative death benefits.

### Basic Death Benefit

The basic death benefit, paid to your designated Beneficiary(ies), consists of:

- Your Member Contributions plus interest in your SCERS account as of the date of your death; and
- One month's pay for each year of full-time Service Credit, up to a maximum of six (6) month's pay.

### Alternative Death Benefits

Alternative death benefits may be payable to Eligible Survivors of a deceased Vested Active Member in lieu of the Basic Death Benefit.

Eligible Survivor includes:

- Eligible Spouse - The deceased member's surviving spouse/registered domestic partner, if married/registered at least one year prior to the date of death.
- Eligible Minor Child - The member's natural or adopted unmarried child under the age of 18, or under age 22 if regularly enrolled as a full-time student in an accredited school.

## Death Benefits


Active Member Death Benefits

Deferred Member Death Benefits

Retired Member Death Benefits

Burial Allowance

## Take Note

An eligible minor child must remain unmarried and enrolled full-time in an accredited school to receive the alternative death benefit until the child reaches age 22.

The following table shows the alternative Active Member death benefits.

| Available to Eligible Survivors of an Active Member who is Vested | |
|---|---|
| **Eligible Spouse Benefit** | **Eligible Minor Child Benefit** |
| Your surviving spouse/registered domestic partner may elect a monthly Continuance which is 60% of the amount to which you would have been entitled had you been granted a Nonservice-Connected Disability Retirement as of the date of death. The Continuance payment is paid for the lifetime of the surviving spouse/registered domestic partner.<br><br>OR<br><br>Your surviving spouse/registered domestic partner may elect a combined benefit, which includes both a lump-sum amount consisting of one month's pay for each full year of service, up to a maximum of six (6) month's pay and a reduced monthly Continuance. The Continuance payment is paid for the lifetime of the surviving spouse/registered domestic partner. | If there is no surviving spouse/registered domestic partner, your minor, unmarried children may collectively elect a monthly Continuance equal to 60% of the amount you would have been entitled to receive had you been granted a Nonservice-Connected Disability Retirement as of the date of death.<br><br>For periods during which more than one minor child is eligible for a survivor Continuance, the Continuance payments will be divided equally among them.<br><br>Payments to a minor child cease when the child reaches age 18 (or reaches age 22if regularly enrolled as a full-time student in an accredited school) or marries, whichever occurs first. |

### Important

The surviving spouse/registered domestic partner or eligible minor child of an Active Member will supersede any designated Beneficiaries with respect to the distribution of death benefits payable from SCERS.

If your death is service-connected, additional benefits are offered to your Eligible Survivors, as follows:

| Service-Connected Death of an Active Member | |
|---|---|
| **In the event of...** | **This benefit is available to...** |
| **A Safety or Miscellaneous Member's** death due to injury or disease arising out of and in the course of employment. | Your surviving spouse/registered domestic partner may elect a monthly Continuance equal to 100% of the amount you would have been entitled to receive had you been granted a Service-Connected Disability Retirement as of the date of death. The Continuance payment is paid for the surviving spouse's/registered domestic partner's lifetime.<br><br>If there is no surviving spouse/registered domestic partner, your surviving eligible minor children collectively share a monthly Continuance equal to 100% of the amount you would have been entitled to receive had you been granted a Service-Connected Disability Retirement as of the date of death.<br><br>Payments to a minor child cease when the child reaches age 18 (or reaches age 22 if regularly enrolled as a full-time student in an accredited school) or marries, whichever occurs first. |
| **A Safety Member's** death in the line of duty, resulting from an accident or injury caused by external physical force. | A lump-sum payment of one year's salary is added to your spouse's/registered domestic partner's benefit. Your surviving eligible minor children may also receive an additional benefit payment. The amount depends on the number of eligible minor children.<br><br>Payments to a minor child cease when the child reaches age 18 (or reaches age 22 if regularly enrolled as a full-time student in an accredited school) or marries, whichever occurs first. |

## Q&A

**If I've retired and a person I've designated as a Beneficiary dies before I do, can I designate a new Beneficiary?**

Yes. However the newly designated Beneficiary will not receive a monthly allowance. The new Beneficiary will only receive from SCERS the burial allowance and the pro-rated amount of the monthly retirement allowance accrued through the date of your death that was not yet paid to you.

## Take Note

Retired member death benefits differ from Active and Deferred Member death benefits.

## Deferred Member Death Benefits

If at the time of your death you are a Deferred Member of SCERS, and you are not an Active Member in a Reciprocal System, your designated Beneficiary will receive a lump sum distribution equal to your Member Contributions as of the date of your death, regardless of your marital status or the existence of minor children. No additional death benefits are offered to the surviving spouse/registered domestic partner or eligible minor children of a Deferred Member.

Consistent with the Member Contribution withdrawal process for Active Members, your Beneficiary will have the option of receiving the lump sum distribution from SCERS as a taxable, direct payment or a tax-deferred eligible rollover distribution.

If you are an Active Member in a Reciprocal System at the time of your death, SCERS will coordinate benefits with the Reciprocal System.

## Retired Member Death Benefits

Different benefits are payable after the Retired Member's death:

- Monthly Continuance payments based on the form of benefit the member elected to receive at the time of retirement *(Refer to "Retirement Benefit Allowance Payments" in Section 5 of this handbook).*
- A lump-sum burial allowance (see the following information).

## Burial Allowance

SCERS pays a lump-sum death benefit or "burial allowance" to your Beneficiary if you die after you retire. Presently, the burial allowance is $4,000 and is typically paid in full by SCERS. However, if you are a Reciprocal Member and your final retirement system is a system other than SCERS, then the burial allowance provided by SCERS will be offset by the burial allowance, if any, payable from the last Reciprocal System.

The burial allowance is only payable by SCERS when a Retired Member dies. No burial allowance is paid when your Beneficiary who is receiving a monthly Continuance payment from SCERS dies, or when your former spouse/registered domestic partner who is receiving an allowance under a Domestic Relations Order (DRO) dies. *Refer to Section 7 of this handbook for more information on DROs.*

# Section 7

**This section describes the broad range of resources SCERS provides to help our members learn and understand their SCERS benefits.**

## Retirement Planning Seminar

SCERS sponsors retirement planning seminars throughout each year for members who are within 10 years of retirement. The full-day session provides in-depth information on your SCERS benefits and preparing for retirement from SCERS, 457 Deferred Compensation Plan, Social Security and financial and estate planning. The Retirement Planning Seminar is generally provided once each calendar quarter. A schedule and registration form is available at SCERS' website.

## SCERS Resources

While this Member Handbook is meant to serve as a complete guide to your SCERS benefits, it is not the only source of information. For further information and assistance, consider the following additional resources:

- SCERS' website at www.scers.org.
- SCERS forms, publications and announcements.
- SCERS Board of Retirement materials including agendas and minutes.

At our website, you can access forms and use the Benefit Calculator to estimate the monthly Service Retirement allowance you may be eligible to receive. Go to SCERS' website and choose the link titled "Benefit Calculator" found on the Home page.

If you have questions regarding required forms or the retirement process in general, you can contact SCERS directly and/or request an appointment with a Retirement Benefits Specialist. Our offices are open to the public Monday through Friday from 8:00 a.m. to 5:00 p.m., excluding holidays.

## Other Tools and Information


Retirement Planning Seminar

SCERS Resources

Model Documents for Domestic Relations Orders

Estimating Your Retirement Benefit Allowance

Calculating Final Compensation

## Q&A

**Can anyone get information about my retirement account?**

No. SCERS is required to protect the confidentiality of your records and cannot provide information about your individual account unless it is necessary for administration of benefits or upon receiving your written consent or a court order. However, case law has established that a Retired Member's monthly benefit allowance from, and how it is calculated by, SCERS is subject to disclosure under a Public Records Act request.

## Model Documents for Domestic Relations Orders

During or following a dissolution of marriage/registered domestic partnership, the parties often agree to divide property acquired or earned. The property can include benefits provided by qualified retirement plans, such as SCERS, but the IRS stipulates that SCERS cannot assign any portion of a member's retirement benefits to an alternate party without a Domestic Relations Order ("DRO").

To assist members and their spouses/registered domestic partners who agree to divide retirement benefits upon dissolution, SCERS provides model documents for use when preparing a DRO. The model documents and other information offered by SCERS can facilitate a quick and cost-effective division of SCERS benefits.

## Estimating Your Retirement Benefit Allowance

As explained in Sections 2 and 5 of this handbook, your SCERS retirement benefit allowance is calculated based primarily on the following factors:

- Age at retirement;
- Amount of Service Credit; and
- Final Compensation.

Appendix B provides a Service Retirement Benefit Estimate Worksheet with an example that explains the information needed and steps followed to calculate your retirement benefit. You can also find a retirement Benefit Calculator on the SCERS website.

## Calculating Final Compensation

Calculating your Final Compensation is the first step in estimating your retirement benefit allowance. SCERS calculates Final Compensation based on your Benefit Tier. For Tier 1 members, SCERS averages the most recent consecutive 12 months of pension-eligible compensation earned. For members in all other Benefit Tiers, SCERS averages the most recent consecutive 36 months of pension-eligible compensation earned. Most members' highest Final Compensation occurs in the last years of employment. If that is not the case in your employment history, be sure to bring that to the attention of SCERS. A written request is required to select an alternate Final Compensation Period.

## Here Are Examples:

**Scenario 1: Benefit Tier 1 –**
**One-Year Final Compensation Calculation:**

Use the most recent 26 consecutive biweekly pay periods of pension-eligible compensation, divided by 12 months, to determine monthly Final Compensation.

Mr. Smith was a Tier 1 member whose biweekly pay rate for the last eight months was $960. For the four months before that, his biweekly pay rate was $880. His average monthly compensation is calculated by adding his monthly compensation for his last 12 months of service (26 biweekly pay periods) and dividing the sum by 12.

| Biweekly Pay Rate | X | Annual Pay Periods Divided by 12 Months | = | Monthly Compensation | X | Number of Months in Final Compensation Period Pay Rate was Earned | = | Total |
|---|---|---|---|---|---|---|---|---|
| $960 | X | 26 ÷ 12 | = | $2,080 | X | 8 | = | $16,640 |
| $880 | X | 26 ÷ 12 | = | $1,907 | X | 4 | = | $7,628 |
| **Totals:** | | | | | | **12** | | **$24,268** |
| **Monthly Final Compensation: $2,022** ($24,268 ÷ 12) | | | | | | | | |

**Scenario 2: All Other Benefit Tiers –**
**Three-Year Final Compensation Calculation:**

Use the most recent 78 consecutive biweekly pay periods, divided by 36 months, to determine the monthly Final Compensation.

Ms. Smith was a Tier 2 member whose biweekly pay rate for the last 24 months was $880. For the 12 months before that, her biweekly pay rate was $840. Her average monthly compensation is calculated by adding her monthly compensation for her last 36 months of service (78 biweekly pay periods) and dividing the sum by 36.

| Biweekly Pay Rate | X | Annual Pay Periods Divided by 12 Months | = | Monthly Compensation | X | Number of Months in Final Compensation Period Pay Rate was Earned | = | Total |
|---|---|---|---|---|---|---|---|---|
| $880 | X | 26 ÷ 12 | = | $1,907 | X | 24 | = | $45,768 |
| $840 | X | 26 ÷ 12 | = | $1,820 | X | 12 | = | $21,840 |
| **Totals:** | | | | | | **36** | | **$67,608** |
| **Monthly Final Compensation: $1,878** ($67,608 ÷ 36) | | | | | | | | |

## Benefit Estimate Worksheet

A Service Retirement Benefit Estimate Worksheet is provided as Appendix B. This worksheet will help you estimate the monthly Unmodified Allowance for Service Retirement you may be eligible to receive from SCERS. The "Example" column builds on Scenario 1 above: Benefit Tier 1 – One-year Final Compensation Calculation, using Mr. Smith's monthly Final Compensation of $2,022. The Example column also assumes Mr. Smith is a Miscellaneous member who plans to retire at age 55 with 25 years of Service Credit.

As you review this information, first follow the example, then proceed to estimate your own benefit. Be sure to use factors from the Retirement Benefit Age Factor Tables provided as Appendices C and D that correspond with your Membership Category and Benefit Tier.

Most members' SCERS-covered service is integrated with Social Security. As a result, the Member Contributions you pay to SCERS while an Active Member are slightly lower than they would be without integration. Correspondingly, your monthly retirement benefit is reduced slightly by the Social Security Reduction Factor multiplied by your years of SCERS-covered service that is integrated (FICA was deducted from your paycheck). The resulting amount is the total estimated retirement allowance you will receive at retirement. Refer to the Social Security Dollar Reduction Factor column included in the Retirement Benefit Age Factor tables provided as Appendix C for Miscellaneous members and Appendix D for Safety members.

You can also use the retirement Benefit Calculator on the SCERS website.

# Section 8

## Glossary of Terms

## Defined Terms

The following defines terms used in this Member Handbook to explain your SCERS benefits. These definitions can help you understand the benefits available to you and your rights under SCERS. For your ease in identification, the terms defined in this Glossary are capitalized throughout this Member Handbook.

### Active Member

A regular full-time or part-time employee of a Participating Employer who receives pension-eligible compensation from the employer from which Member Contributions for retirement are deducted and remitted to SCERS.

### Actuarial Valuation (or Actuarial Study)

A type of appraisal performed by a pension actuary in accordance with professional standards that requires making economic and demographic assumptions to estimate current and projected liabilities. The assumptions are typically based on a mix of statistical studies and experienced judgment. Forms the basis for the actuary to determine the annual employer and Member Contribution rates which, together with investment earnings, will provide sufficient funding to pay the benefits earned by SCERS members.

### Additional Retirement Credit (ARC)

Between May 2007 and December 31, 2012, Active Members of SCERS were allowed to purchase up to five (5) years of Additional Retirement Credit or "ARC" time to increase total Service Credit with SCERS. Unlike other types of service purchases, ARC was not based on prior government or public agency employment. Purchase of ARC is now prohibited by law.

## Annuity

A series of payments paid to a member for the member's lifetime (Unmodified Allowance) or for both the member's and the member's Beneficiary's lifetime (Optional Settlement joint and survivor).

## Beneficiary(ies)

The person(s) designated by a member or statute to receive, or who has received or is receiving, benefits or payments from SCERS upon the death of a SCERS member.

## Benefit Calculator

A tool SCERS provides on its website for members to estimate the monthly Service Retirement allowance they may be eligible to receive from SCERS.

## Benefit Tier

The benefit level applicable to a member based on Membership Category, Participating Employer and date of hire or re-hire in employment subject to SCERS membership.

## Continuance

The monthly benefit allowance payable to a member's Beneficiary or Eligible Survivor(s) upon the member's death.

## Cost-of-Living Adjustment (COLA)

An annual adjustment, if any, to the monthly allowances paid by SCERS, determined based on changes in the CPI applicable to SCERS. The maximum annual COLA is determined by the Membership Category and Benefit Tier applicable to the payment from SCERS.

## Deferred Member

An Active Member of SCERS who terminates SCERS-covered employment and leaves Member Contributions on deposit with SCERS; may be Vested or non-vested.

## Defined Benefit Pension Plan

A retirement plan that provides a lifetime monthly benefit when a member retires or dies, calculated using a plan member's age, years of Service Credit, and Final Compensation at time of retirement or death.

## Disability Retirement

A type of monthly benefit that may be granted by the Board when a member proves based on medical evidence that the member is permanently incapacitated from performing the duties of the member's position. The disability may be work-related (see definition of Service-Connected Disability Retirement) or not work-related (see definition of Nonservice-Connected Disability Retirement).

## Eligible Survivor

The following members of a SCERS member's family who may be entitled to receive monthly benefits from SCERS upon the member's death:

- Eligible Spouse - The deceased member's surviving spouse/registered domestic partner, if married/registered at least one year prior to the date of death.
- Eligible Minor Child - The member's natural or adopted unmarried child under the age of 18, or under age 22 if regularly enrolled as a full-time student in an accredited school.

## Final Compensation

The average pension-eligible compensation a member earned over the applicable Final Compensation Period which serves as the basis for determining the benefits payable by SCERS.

## Final Compensation Period

The consecutive 12 months or 36 months, as applicable based on the member's Membership Category and Benefit Tier, over which a member's pension-eligible compensation is averaged to determine Final Compensation for the purpose of determining the benefits payable by SCERS.

## Member's Affidavit

A form issued and maintained by SCERS that an employee must complete and submit to SCERS when first establishing membership in SCERS. Also used by members to update personal status, mailing address, or Beneficiary designation on file with SCERS.

## Member Contributions

For Active Members, means the amount deducted biweekly from a member's salary for retirement and transmitted to and held by SCERS for that member, the accumulated balance of which receives semi-annual interest credit from SCERS.

For members eligible for a distribution from SCERS (as in a withdrawal after the member terminates SCERS-covered employment), means the total account balance held by SCERS for that member that includes all biweekly contributions, any additional contributions the member paid because of the member's election to purchase Permissive Service Credit or to redeposit previously withdrawn contributions, plus interest accumulated in the member's account as a result of semi-annual interest crediting from Membership Date through the date of transfer or payment by SCERS.

## Membership Category

The designation assigned to each job classification eligible for SCERS membership that determines the level of benefits that applies to service accrued by a member while in that job classification. There are two Membership Categories:

- **Safety Membership** applies to active law enforcement, firefighting or other positions that have been designated as Safety.
- **Miscellaneous Membership** applies to all other positions that are not designated for Safety Membership.

## Membership Date

The date a person employed by a Participating Employer in a permanent full-time or part-time position establishes membership in SCERS. Generally, it is the first day of employment in a position and time base eligible for SCERS membership.

## Nonservice-Connected Disability Retirement (NSCDR)

A type of retirement that may be granted by the Board when a member proves based on medical evidence that the member is permanently incapacitated from performing the duties of the member's position and the member's employment did NOT cause or contribute to the incapacity.

## Optional Settlement

One or more alternative forms of distribution for a member's lifetime monthly retirement benefit that a member may elect at the time of retirement. An Optional Settlement modifies the member's highest monthly retirement benefit allowance payable, known as the Unmodified Allowance, typically to provide a continuing benefit to the member's Beneficiary through a joint and survivor Annuity.

## Participating Employer

The County of Sacramento, the Superior Court in Sacramento County, and the special district employers that have taken formal action to provide the retirement and related benefits administered by SCERS to their employees.

## Permissive Service Credit

Periods of work a member may have performed prior to SCERS membership for one or more Participating Employers or for other public agencies or the federal government, or periods of uncompensated medical leave after becoming a SCERS member, for which a member may elect to pay the required additional Member Contributions as determined by SCERS to increase total Service Credit with SCERS.

## Reciprocity

An arrangement defined by law and agreements between state and local public retirement systems in California that allows one system to recognize the membership, service credit, and pension-eligible compensation earned while a person is a member of another system, subject to specified rules and conditions. This allows public employees to "connect" their public employment in California for retirement benefit purposes. The eligibility and benefits of Reciprocity are specified in statute and are intended to encourage a career in public service in California.

## Reciprocal Member

A person who becomes a member of SCERS after establishing membership in a Reciprocal System and the prior Reciprocal System recognizes Reciprocity for the person's period of SCERS membership, or a SCERS Deferred Member who establishes membership in a Reciprocal System and SCERS recognizes Reciprocity for the Deferred Member's period of membership in the Reciprocal System.

## Reciprocal System

Another public retirement system in California that by law or otherwise has a reciprocal service agreement with SCERS. This includes the California counties that operate under the CERL, the State of California retirement systems (CalPERS, CalSTRS, UCRP and JRS), and the retirement systems of charter cities and counties.

## Retired Member

A member receiving a monthly Service Retirement or Disability Retirement benefit allowance from SCERS.

## Service-Connected Disability Retirement (SCDR)

A type of retirement that may be granted by the Board when a member proves based on medical evidence that the member is permanently incapacitated from performing the duties of the member's position and that the incapacity is a result of injury or disease arising out of and in the course of the member's employment and such employment substantially contributes to the incapacity.

## Service Credit

Credit accrued in SCERS by a member who receives pension-eligible compensation for time worked (or paid leave) with a Participating Employer from which Member Contributions for retirement are deducted. SCERS members earn one service credit for each hour worked in SCERS-covered employment. Generally, members who work full-time (80 hours in a biweekly pay period) receive 80 Service Credits each pay period. A total of 2,088 service credits equals one year of full-time service. A member's total Service Credit is used to establish eligibility for retirement benefits and the amount of such benefits.

## Service Retirement

A type of retirement granted by the Board after a member has met the age and service eligibility requirements, filed an application for Service Retirement with SCERS, and terminated all employment with all Participating Employers.

## Social Security Reduction Factor

A dollar amount determined by the member's Membership Category and age at retirement that is multiplied by the member's years of SCERS-covered service that is integrated with Social Security to determine the amount by which the member's monthly Service Retirement benefit allowance will be reduced.

## Unmodified Allowance

The highest monthly retirement benefit allowance payable by SCERS to a member, based on the member's Membership Category, Benefit Tier, and Service Credit, Final Compensation, and age at retirement.

## Vested

*The period of service or age a member must attain to receive* employer-paid benefits from SCERS at a future date. Generally, a SCERS member is Vested when the member has at least five years of full-time Service Credit.

# Appendix A: Summary of Pension-Eligible Pay Elements

| Earnings Type | Description | Included* | Excluded |
|---|---|---|---|
| Regular Earnings | Paid for hours worked | X | |
| One Time Bonus Payment | Payments normally made once a year as a result of bargaining | X | |
| Overtime - includes CTO Expired | Paid for hours worked in excess of normal work schedule | | X |
| 7/12 Work Shift | Paid for regular work schedule of 12 hours per day; 84 hours per bi-weekly pay period | X | |
| Extra-help wages | Paid to employees who are not regular (permanent) county employees | | X |
| Holiday-in-lieu paid after 104 hours | Paid for hours over the maximum of 104 | X | |
| Workers' Compensation Temporary Disability | Paid Workers' Compensation benefits integrated with existing leave balances for employees who have an accepted industrial injury and are temporarily disabled | X | |
| State Disability Integration | Paid State Disability benefits integrated with existing leave balances for employees who are temporarily disabled | X | |
| Shift Differential | Paid to employees working other than the day shift | X | |
| Standby Pay | Paid to emplyees assigned to remain on call if the need arises for emergency work | X | |
| Food Allowance | Paid to employees hired or transferred into food service prior to July 1971 represented by Health Services Unit | X | |
| Terminal Pay – vacation, holiday in lieu, CTO, and leave payout | Accumulated leave balances paid to an employee upon separation from employment. | | X |
| Special Pay Allowances | Additional pay for performing work considered to be out of or in addition to the class | X | |
| Incentive Pay Allowances | Additional pay for possession of educational degrees or required certificates | X | |
| Miscellaneous Allowances | Assignment differentials paid as a percentage of base pay | X | |
| Management Differential | Additional pay to managers in lieu of other benefits, i.e., tuition reimbursement | X | |
| Transcription Fees for court reporters | Paid to court reporters to transcribe their cases | | X |
| Retirement Offset | Additional pay for certain employees in-lieu of the county paying ½ retirement contributions | X | |

# Appendix A: Summary of Pension-Eligible Pay Elements

| Earnings Type | Description | Included* | Excluded |
|---|---|---|---|
| Leave Balance Usage (vacation, compensating time off (CTO), holiday in-lieu, sick leave, etc.) | Paid leave for authorized absence from work | X | |
| Vacation Cash-In | Additional pay for cashing in accrued vacation that does not exceed what may be earned in each 12-month period during the final compensation period | X | |
| Payoff Beyond Maximum Accrual | Additional pay for vacation or holiday-in-lieu hours over the maximum accrual | X | |
| Mental Health Retention | Paid to employees who work at the mental health facility | X | |
| Disability Pay | Additional pay that, when combined with Workers' Compensation Disability Pay, equals 50% of an employee's bi-weekly pay | X | |
| 4850 Time Pay | Paid for up to one year, tax free, in lieu of temporary disability for Safety personnel in accordance with Labor Code Section 4850 | X | |
| Clothing Allowance | Paid to employees for the cost of maintaining a uniform | X | |
| Equipment Allowance | Paid to reimburse employees who are required to provide their own equipment; i.e., court reporters | X | |
| Animal Allowance | Paid to employees assigned as a canine handler for scheduled work of ten (10) hours per month for ordinary care and informal training | X | |
| Insurance Subsidy | Cash payment of the amount of the county contribution towards health insurance over the premium, less the cost of social security | X | |
| Fair Labor Standards Act Adjustment | Differential paid when the value of overtime per FLSA guidelines is greater than that negotiated | | X** |
| Insurance Subsidy Offset | An amount paid in January of each year to refund the social security reduction of the health insurance subsidy to employees who were at social security maximum | X | |
| Auto Allowance | Payment for use of personal vehicle for county business | X | |

* Compensation can be excluded if: (a) Board of Retirement determines compensation had been paid to enhance retirement benefits, (b) compensation had previously been provided in kind and converted to cash payment in the final compensation period; (c) any one-time or ad-hoc payment made to a member, but not to similarly situated members in the member's grade or class, and (d) any payment for unused leave balances that exceed what may be earned in each 12-month period during the final compensation period.

** Per prior, written agreement, one exception has been established to the standard exclusion of the pay element reserved for FLSA adjustments. That exception is the additional "half rate" payable for 12 hours of contractual overtime to members who work 24-hour schedules.

# Appendix B: Service Retirement Benefit Estimate

## Worksheet – Unmodified Allowance

| Service Retirement<br>Benefit Estimate Worksheet | | | |
|---|---|---|---|
| **Line #** | **Descriptive Information** | **Example** | **Your Information** |
| 1 | **Estimated age at retirement:**<br>(to nearest quarter age) | 55 | |
| 2 | **Estimated years of Service Credit at retirement:**<br>(use estimated number of calendar year of full-time service in SCERS-covered employment; 2,088 hours = 1 year of Service Credit) | 25 | |
| 3 | **Retirement Benefit Age Factor:**<br>(refer to Appendix C or D to find percentage factor for Estimated age at retirement on Line 1) | 1.947% | |
| 4 | **Benefit Factor:**<br>(multiply Line 2 by Line 3 and enter result as a percentage) | 48.675% | |
| 5 | **Estimated monthly Final Compensation:**<br>(use Scenarios 1 or 2 on page 52 to estimate monthly Final Compensation) | $2,022 | |
| 6 | **Estimated* monthly Unmodified Allowance for Service Retirement:**<br>(multiply the estimated monthly Final Compensation on Line 5 by the Benefit Factor on Line 4) | **$984.21*** | |
| **If you also pay into Social Security (FICA deduction) for your SCERS-covered employment, your SCERS service is "integrated" with Social Security and you should continue with the following steps:** | | | |
| 7 | **Social Security Reduction Factor:**<br>(based on age at retirement, refer to Appendix C or D) | $ 2.272 | |
| 8 | **Enter years of Service Credit from Line 2:** | 25 | |
| 9 | **Social Security Reduction Amount:**<br>(multiply Line 7 by Line 8) | $56.80 | |
| 10 | **Apply reduction amount:**<br>(enter the amount on Line 6 and subtract the amount on Line 9) | $984.21– $56.80 | |
| 11 | **Estimated* monthly Unmodified Allowance for Service Retirement with the Social Security reduction:** | **$ 927.41*** | |

*This is an estimate only. SCERS will calculate your actual benefit when you apply for retirement.

# Appendix C: Retirement Benefit Age Factors Miscellaneous – Tiers 1, 2 and 3

Applies to Retiring Members Hired in SCERS-Covered Employment Prior to January 1, 2012 if employed by Sacramento County or Prior to January 1, 2013 if employed by any other Participating Employer

| Age at Retirement | Benefit Factor § 31676.14 (2% @ 55 ½) Percentage | Soc. Sec Dollar Reduction Factor | Age at Retirement | Benefit Factor § 31676.14 (2% @ 55 ½) Percentage | Soc. Sec Dollar Reduction Factor |
|---|---|---|---|---|---|
| 50 | 1.474% | $1.721 | 56 | 2.060% | $2.404 |
| 50 ¼ | 1.497% | $1.748 | 56 ¼ | 2.091% | $2.440 |
| 50 ½ | 1.520% | $1.774 | 56 ½ | 2.121% | $2.475 |
| 50 ¾ | 1.543% | $1.801 | 56 ¾ | 2.151% | $2.510 |
| 51 | 1.566% | $1.828 | 57 | 2.182% | $2.546 |
| 51 ¼ | 1.591% | $1.857 | 57 ¼ | 2.203% | $2.571 |
| 51 ½ | 1.616% | $1.886 | 57 ½ | 2.225% | $2.596 |
| 51 ¾ | 1.641% | $1.915 | 57 ¾ | 2.246% | $2.621 |
| 52 | 1.666% | $1.944 | 58 | 2.268% | $2.646 |
| 52 ¼ | 1.685% | $1.966 | 58 ¼ | 2.289% | $2.671 |
| 52 ½ | 1.703% | $1.988 | 58 ½ | 2.310% | $2.696 |
| 52 ¾ | 1.722% | $2.010 | 58 ¾ | 2.332% | $2.721 |
| 53 | 1.741% | $2.031 | 59 | 2.353% | $2.746 |
| 53 ¼ | 1.766% | $2.061 | 59 ¼ | 2.375% | $2.770 |
| 53 ½ | 1.791% | $2.090 | 59 ½ | 2.396% | $2.796 |
| 53 ¾ | 1.816% | $2.119 | 59 ¾ | 2.418% | $2.821 |
| 54 | 1.841% | $2.148 | 60 | 2.439% | $2.846 |
| 54 ¼ | 1.867% | $2.179 | 60 ¼ | 2.461% | $2.871 |
| 54 ½ | 1.894% | $2.210 | 60 ½ | 2.482% | $2.896 |
| 54 ¾ | 1.921% | $2.241 | 60 ¾ | 2.504% | $2.921 |
| 55 | 1.947% | $2.272 | 61 | 2.525% | $2.950 |
| 55 ¼ | 1.975% | $2.305 | 61 ¼ | 2.546% | $2.965 |
| 55 ½ | 2.004% | $2.338 | 61 ½ | 2.568% | $3.000 |
| 55 ¾ | 2.032% | $2.371 | 61 ¾ | 2.589% | $3.022 |
| | | | 62 & over | 2.611% | $3.047 |

NOTE: Retirement prior to age 50 is also permitted with 30 years of service, but the corresponding factors are subject to actuarial review and approval.

# Appendix C: Retirement Benefit Age Factors Miscellaneous – Tier 4

Applies to Retiring Members Hired in SCERS-Covered Employment by Sacramento County During Calendar Year 2012

| Age at Retirement | Benefit Factor § 31676.14 (2% @ 61 ¼) Percentage | Soc. Sec Dollar Reduction Factor | Age at Retirement | Benefit Factor § 31676.14 (2% @ 61 ¼) Percentage | Soc. Sec Dollar Reduction Factor |
|---|---|---|---|---|---|
| 50 | 1.181% | $1.379 | 58 | 1.725% | $2.012 |
| 50 ¼ | 1.197% | $1.397 | 58 ¼ | 1.747% | $2.039 |
| 50 ½ | 1.212% | $1.414 | 58 ½ | 1.770% | $2.065 |
| 50 ¾ | 1.227% | $1.432 | 58 ¾ | 1.793% | $2.092 |
| 51 | 1.242% | $1.450 | 59 | 1.816% | $2.119 |
| 51 ¼ | 1.257% | $1.468 | 59 ¼ | 1.841% | $2.148 |
| 51 ½ | 1.272% | $1.485 | 59 ½ | 1.866% | $2.177 |
| 51 ¾ | 1.287% | $1.503 | 59 ¾ | 1.891% | $2.207 |
| 52 | 1.302% | $1.520 | 60 | 1.916% | $2.236 |
| 52 ¼ | 1.317% | $1.538 | 60 ¼ | 1.935% | $2.258 |
| 52 ½ | 1.333% | $1.555 | 60 ½ | 1.953% | $2.279 |
| 52 ¾ | 1.348% | $1.573 | 60 ¾ | 1.972% | $2.301 |
| 53 | 1.363% | $1.591 | 61 | 1.991% | $2.323 |
| 53 ¼ | 1.379% | $1.609 | 61 ¼ | 2.016% | $2.352 |
| 53 ½ | 1.394% | $1.627 | 61 ½ | 2.041% | $2.381 |
| 53 ¾ | 1.410% | $1.646 | 61 ¾ | 2.066% | $2.411 |
| 54 | 1.426% | $1.664 | 62 | 2.091% | $2.440 |
| 54 ¼ | 1.442% | $1.683 | 62 ¼ | 2.117% | $2.471 |
| 54 ½ | 1.459% | $1.702 | 62 ½ | 2.144% | $2.502 |
| 54 ¾ | 1.475% | $1.722 | 62 ¾ | 2.171% | $2.533 |
| 55 | 1.492% | $1.741 | 63 | 2.197% | $2.564 |
| 55 ¼ | 1.510% | $1.762 | 63 ¼ | 2.225% | $2.597 |
| 55 ½ | 1.528% | $1.782 | 63 ½ | 2.254% | $2.630 |
| 55 ¾ | 1.545% | $1.803 | 63 ¾ | 2.282% | $2.663 |
| 56 | 1.563% | $1.824 | 64 | 2.310% | $2.696 |
| 56 ¼ | 1.583% | $1.847 | 64 ¼ | 2.341% | $2.731 |
| 56 ½ | 1.602% | $1.869 | 64 ½ | 2.371% | $2.766 |
| 56 ¾ | 1.621% | $1.892 | 64 ¾ | 2.401% | $2.802 |
| 57 | 1.641% | $1.914 | 65 & over | 2.432% | $2.837 |
| 57 ¼ | 1.662% | $1.939 | | | |
| 57 ½ | 1.683% | $1.963 | | | |
| 57 ¾ | 1.704% | $1.988 | | | |

NOTE: Retirement prior to age 60 is also permitted with 30 years of service, but the corresponding factors are subject to actuarial review and approval.

# Appendix D: Retirement Benefit Age Factors Safety – Tiers 1 and 2

Applies to Retiring Members Hired in SCERS-Covered Employment Prior to January 1, 2012 if employed by Sacramento County or Prior to January 1, 2013 if employed by any other Participating Employer

| Age at Retirement | Benefit Factor § 31664.1 (3% @ 50) Percentage | Soc. Sec Dollar Reduction Factor | Age at Retirement | Benefit Factor § 31664.1 (3% @ 50) Percentage | Soc. Sec Dollar Reduction Factor |
|---|---|---|---|---|---|
| 41 | 1.8774% | $2.189 | 46 | 2.4678% | $2.877 |
| 41 ¼ | 1.9050% | $2.221 | 46 ¼ | 2.5017% | $2.917 |
| 41 ½ | 1.9326% | $2.253 | 46 ½ | 2.5356% | $2.957 |
| 41 ¾ | 1.9599% | $2.285 | 46 ¾ | 2.5758% | $3.005 |
| 42 | 1.9875% | $2.317 | 47 | 2.6034% | $3.036 |
| 42 ¼ | 2.0160% | $2.351 | 47 ¼ | 2.6340% | $3.071 |
| 42 ½ | 2.0442% | $2.384 | 47 ½ | 2.6646% | $3.107 |
| 42 ¾ | 2.0727% | $2.417 | 47 ¾ | 2.6949% | $3.142 |
| 43 | 2.1012% | $2.450 | 48 | 2.7255% | $3.178 |
| 43 ¼ | 2.1306% | $2.485 | 48 ¼ | 2.7582% | $3.216 |
| 43 ½ | 2.1600% | $2.519 | 48 ½ | 2.7912% | $3.255 |
| 43 ¾ | 2.1897% | $2.553 | 48 ¾ | 2.8239% | $3.293 |
| 44 | 2.2191% | $2.587 | 49 | 2.8566% | $3.331 |
| 44 ¼ | 2.2497% | $2.623 | 49 ¼ | 2.8923% | $3.372 |
| 44 ½ | 2.2803% | $2.659 | 49 ½ | 2.9283% | $3.415 |
| 44 ¾ | 2.3109% | $2.695 | 49 ¾ | 2.9640% | $3.456 |
| 45 | 2.3415% | $2.730 | 50 & over | 3.0000% | $3.498 |
| 45 ¼ | 2.3730% | $2.767 | | | |
| 45 ½ | 2.4048% | $2.805 | | | |
| 45 ¾ | 2.4363% | $2.842 | | | |

NOTE: Retirement prior to age 60 is also permitted with 30 years of service, but the corresponding factors are subject to actuarial review and approval.

# Appendix D: Retirement Benefit Age Factors Safety – Tier 3

Applies to Retiring Members Hired in SCERS-Covered Employment by Sacramento County During Calendar Year 2012

| Age at Retirement | Benefit Factor § 31664.2 (3% @ 55) Percentage | Soc. Sec Dollar Reduction Factor | Age at Retirement | Benefit Factor § 31664.2 (3% @ 55) Percentage | Soc. Sec Dollar Reduction Factor |
|---|---|---|---|---|---|
| 41 | 1.4331% | $1.672 | 48 | 2.0808% | $2.428 |
| 41 ¼ | 1.4544% | $1.697 | 48 ¼ | 2.1057% | $2.457 |
| 41 ½ | 1.4754% | $1.721 | 48 ½ | 2.1309% | $2.486 |
| 41 ¾ | 1.4961% | $1.745 | 48 ¾ | 2.1558% | $2.515 |
| 42 | 1.5174% | $1.770 | 49 | 2.1807% | $2.544 |
| 42 ¼ | 1.5390% | $1.796 | 49 ¼ | 2.2080% | $2.576 |
| 42 ½ | 1.5606% | $1.821 | 49 ½ | 2.2356% | $2.608 |
| 42 ¾ | 1.5822% | $1.846 | 49 ¾ | 2.2629% | $2.640 |
| 43 | 1.6041% | $1.871 | 50 | 2.2902% | $2.672 |
| 43 ¼ | 1.6266% | $1.898 | 50 ¼ | 2.3199% | $2.707 |
| 43 ½ | 1.6491% | $1.924 | 50 ½ | 2.3496% | $2.741 |
| 43 ¾ | 1.6716% | $1.950 | 50 ¾ | 2.3790% | $2.776 |
| 44 | 1.6941% | $1.976 | 51 | 2.4084% | $2.810 |
| 44 ¼ | 1.7175% | $2.004 | 51 ¼ | 2.4405% | $2.847 |
| 44 ½ | 1.7409% | $2.031 | 51 ½ | 2.4726% | $2.885 |
| 44 ¾ | 1.7643% | $2.058 | 51 ¾ | 2.5047% | $2.922 |
| 45 | 1.7874% | $2.085 | 52 | 2.5371% | $2.960 |
| 45 ¼ | 1.8117% | $2.114 | 52 ¼ | 2.5722% | $3.001 |
| 45 ½ | 1.8360% | $2.142 | 52 ½ | 2.6073% | $3.042 |
| 45 ¾ | 1.8600% | $2.170 | 52 ¾ | 2.6424% | $3.083 |
| 46 | 1.8840% | $2.198 | 53 | 2.6778% | $3.124 |
| 46 ¼ | 1.9098% | $2.228 | 53 ¼ | 2.7159% | $3.169 |
| 46 ½ | 1.9356% | $2.258 | 53 ½ | 2.7546% | $3.21 |
| 46 ¾ | 1.9665% | $2.294 | 53 ¾ | 2.7930% | $3.259 |
| 47 | 1.9875% | $2.319 | 54 | 2.8254% | $3.296 |
| 47 ¼ | 2.0109% | $2.346 | 54 ¼ | 2.8737% | $3.353 |
| 47 ½ | 2.0343% | $2.373 | 54 ½ | 2.9154% | $3.401 |
| 47 ¾ | 2.0574% | $2.400 | 54 ¾ | 2.9580% | $3.451 |
| | | | 55 & over | 3.0000% | $3.500 |

NOTE: Retirement prior to age 50 is permitted with 20 years of Safety service.

# Appendix E: Disability Retirement Formulas Benefit Estimate Worksheets

## Nonservice-Connected Disability Retirement (NSCDR)

| Formula 1 - Benefit Estimate Worksheet<br>For Miscellaneous and Safety Members[1] in Benefit Tier 1 | | | |
|---|---|---|---|
| **Line #** | **Descriptive Information** | **Example[2]** | **Your Information** |
| 1 | **Estimated years of Service Credit:**<br>(use estimated number of calendar years of full-time service in SCERS-covered employment) | 12 | |
| 2 | **NSCDR Formula Factor:**<br>(use 1.5% for Miscellaneous Members of Benefit Tier 1; use 1.8% for Safety Members of Benefit Tier 1 | 1.5% | |
| 3 | **Multiply Line 1 by Line 2 and enter result as a percentage:** | 18% | |
| | **If Line 3 is equal to or greater than 33.33%,** enter on Line 9 the percentage on Line 3 and skip lines 4 through 8. | | |
| | **If Line 3 is less than 33.33%:** | | |
| 4 | **Enter 65** for Miscellaneous Members of Benefit Tier 1 or<br>**Enter 55** for Safety Members of Tier 1 | 65 | |
| 5 | **Enter your age at NSCDR Effective Date:** | 48 | |
| 6 | **Subtract Line 5 from Line 4:** | 17 | |
| 7 | **Add Line 1 and Line 6** | 29 | |
| 8 | **Multiply Line 7 by Line 2 and enter result as a percentage:** | 43.50% | |
| 9 | **Enter the lesser of the percentage on Line 8 or 33.33%** | 33.33% | |
| 10 | **Estimated monthly Final Compensation:**<br>(use Scenario 1 on page 52 to estimate monthly Final Compensation) | $2,022 | |
| 11 | **Estimated monthly Unmodified Allowance for NSCDR:**<br>(multiply Line 10 by Line 9) | **$586.18[3]** | |

[1] Excluding Tier 1 Safety Members in Representation Unit 003.

[2] The Example column is an estimate for a Miscellaneous Member of Benefit Tier 1. This is an estimate only. SCERS will calculate your actual benefit when you apply for Disability Retirement.

[3] If the amount of your Service Retirement allowance (if you are eligible to retire for service) is greater than your Disability Retirement allowance, SCERS will pay the greater allowance amount as your Disability Retirement benefit.

# Appendix E: Disability Retirement Formulas Benefit Estimate Worksheets

## Nonservice-Connected Disability Retirement (NSCDR)

| Formula 2 - Benefit Estimate Worksheet<br>(For Miscellaneous Members in Benefit Tier 2, 3, or 4 and Safety Members in Benefit Tier 2 or 3 and Safety Members in Representation Unit 003 in Benefit Tier 1) | | | |
|---|---|---|---|
| **Line #** | **Descriptive Information** | **Example[1]** | **Your Information** |
| 1 | **Estimated years of Service Credit:**<br>(use estimated number of calendar years of full-time service in SCERS-covered employment) | 15 | |
| 2 | **Estimated monthly Final Compensation:**<br>(use Scenario 2 on page 52 to estimate monthly Final Compensation) | $1,878 | |
| 3 | **NSCDR Benefit Factor:**<br>(use the table below to find NSCDR Benefit Factor that corresponds to estimated years of Service Credit on Line 1) | 40% | |
| 4 | **Estimated monthly Unmodified Allowance for NSCDR:**<br>(multiply Line 2 by Line 3) | **$751.20[2]** | |

[1] The Example column is an estimate for a Miscellaneous Member of Benefit Tier 2. This is an estimate only. SCERS will calculate your actual benefit when you apply for Disability Retirement.

[2] If the amount of your Service Retirement allowance (if you are eligible to retire for service) is greater than your Disability Retirement allowance, SCERS will pay the greater allowance amount as your Disability Retirement benefit.

| Years of Service Credit | NSCDR Benefit Factor | Years of Service Credit | NSCDR Benefit Factor |
|---|---|---|---|
| 5 | 20% | 11 | 32% |
| 6 | 22% | 12 | 34% |
| 7 | 24% | 13 | 36% |
| 8 | 26% | 14 | 38% |
| 9 | 28% | 15+ | 40% |
| 10 | 30% | | |

# Appendix E: Disability Retirement Formul Benefit Estimate Worksheets

## Service-Connected Disability Retirement (SCDR)

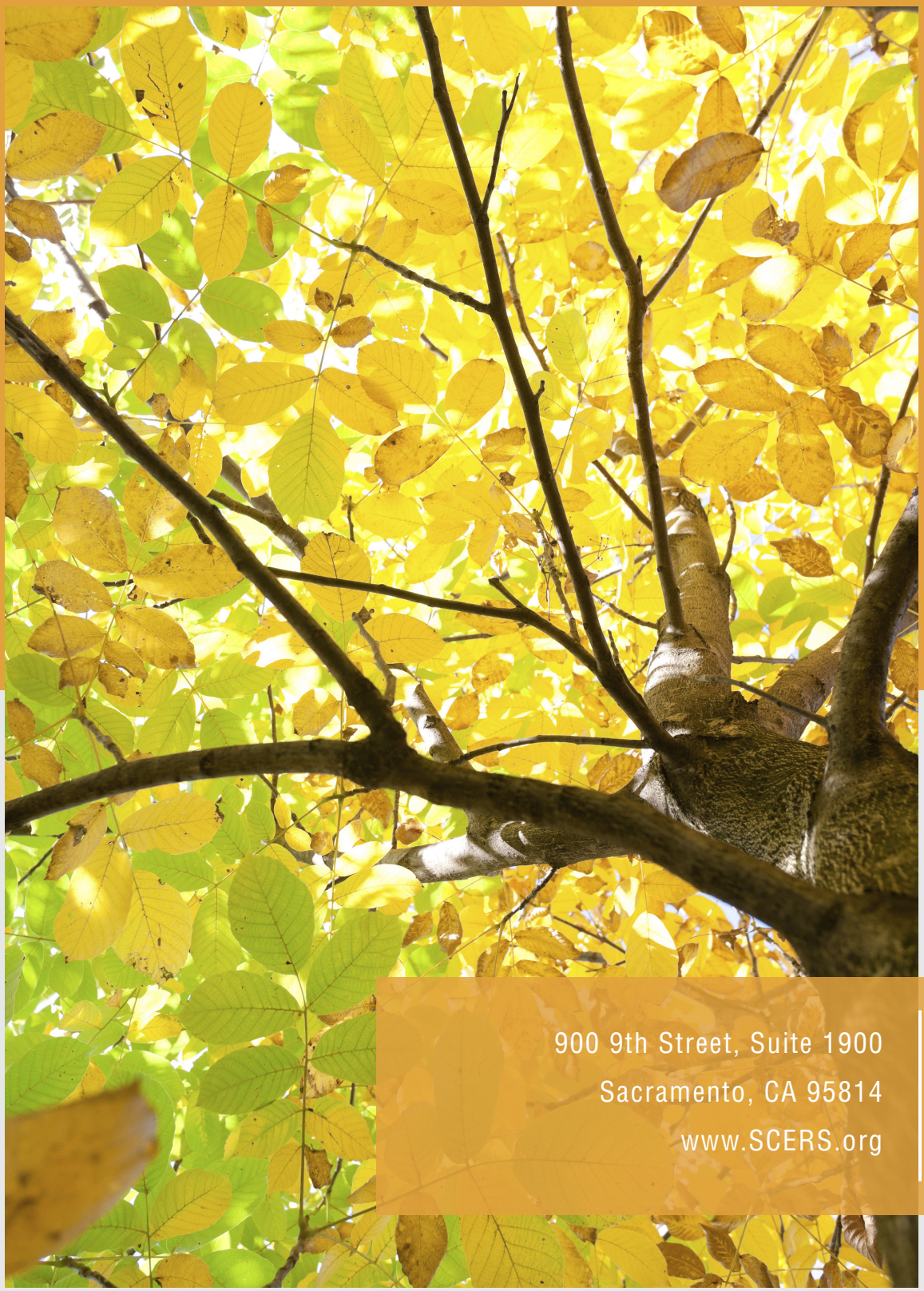
| Benefit Estimate Worksheet (For All SCERS Membership Categories and Benefit Tiers) | | | |
|---|---|---|---|
| **Line #** | **Descriptive Information** | **Example[1]** | **Your Information** |
| 1 | **Estimated monthly Final Compensation:** (use Scenario 1 or 2 on page 52 to estimate monthly Final Compensation) | $2,022 | |
| 2 | **Enter SCDR Benefit Factor of 50%:** | 50% | |
| 3 | **Estimated monthly Unmodified Allowance for SCDR:** (multiply Line 1 by Line 2) | **$1,011[2]** | |

[1] This is an estimate only. SCERS will calculate your actual benefit when you apply for Disability Retirement.

[2] If the amount of your Service Retirement allowance (if you are eligible to retire for service) is greater than your Disability Retirement allowance, SCERS will pay the greater allowance amount as your Disability Retirement benefit.

# NOTES

# NOTES



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