



# 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

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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
<p>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.</p> <p>You do not have to be Vested to apply for a Service-Connected Disability Retirement.</p> <p>Lifetime<sup>1</sup> monthly allowance is equal to 50% of your Final Compensation<sup>2</sup> 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.</p>	<p>Nonservice-Connected Disability (not job-related) is permanent incapacitation from performing the duties of your position.</p> <p>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.</p> <p>Lifetime<sup>1</sup> 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<sup>2</sup> 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.</p>
<p><sup>1</sup> 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.</p> <p><sup>2</sup> 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.</p>	

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.  NOTE: Retired Members who relocate out of state should also review and perhaps update their state income tax withholding instructions on file with SCERS. <i>Refer to Section 5 of this handbook.</i>

## 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.