MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Employee Member Handbook

Mission Statement

MCERA's mission is to provide benefits to its members, to manage assets prudently in accordance with plan provisions and to provide competent and efficient services to our members.

Employee Member Handbook

This handbook is intended to provide a general idea of the benefits available through the Merced County Employees' Retirement Association (MCERA). This document is formally known as the Employee Member Handbook. Every effort has been made to ensure the accuracy of the information offered. However, please do not rely solely on the information contained herein. Eligibility for benefits will depend on a number of factors further discussed in this document. Actual benefits are determined according to the applicable provisions of the County Employees' Retirement Law of 1937 (Government Code Sections 31450 et. Seq.) the California Constitution, MCERA's by-Laws and MCERA's policies and procedures.

The California legislature periodically makes revisions and additions to retirement law. MCERA will make every effort to keep members informed of future changes that affect the retirement plan. However, benefits are subject to change without notice.

NOTE: Due to new state legislation and pending litigation regarding new laws, some of the items described as "pensionable" in this member handbook may not ultimately be included in the member's pension upon retirement. The outcome of that litigation, and therefore the legal status of those items, is unknown at this time. Please contact MCERA for further information on how this may impact your retirement benefit.

The By-Laws may be accessed via the Internet at www.co.merced.ca.us/retirement.

CONTACT INFORMATION

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INTRODUCTION

Plan Structure

The Merced County Employees' Retirement Association (MCERA) is a public agency that was originally created to administer retirement, disability, and death benefits to the employees, retirees, and beneficiaries of the County of Merced (County), the Superior Court of California - County of Merced (Court), Transit Joint Power Authority for Merced County (Transit), Regional Waste Management Authority for Merced County (Solid Waste) and Merced Cemetery District, collectively known as "participating employers". Merced County Employees' Retirement Association was established in 1950. There are currently six Tiers of membership. It was integrated with Social Security on January 1, 1956, after a referendum held among eligible County employees. Tier 2 came to fruition on June 13, 1994, Tier 3 on October 1, 2012 and Tier 4 on January 1, 2013. On February 8, 2018, Tier 2R was developed for reciprocal Court and Cemetery District members and Tier 3R was developed for reciprocal County members, who enter into the MCERA system on or after February 8, 2018. MCERA's membership includes active members, deferred members and retired members. Retired member survivors are included as well.

The retirement benefits administered by MCERA are those related to your age, compensation, service and date of hire including the benefit that is the focus of this reference guide–the retirement allowance. It is the monthly benefit eligible employees receive after they retire.

Defined Benefit Plan

MCERA's retirement plan is a "defined benefit" plan. Benefit amounts are defined by a formula (They do not depend on how much money accumulates in your account, as they would under a "defined contribution" plan such as a 401(k) or 457 plan). Under this defined benefit formula, benefit amounts are based on the following:

- Your age at retirement,
- Your years of retirement service credit,
- Your Tier of membership,
- Your plan membership, and
- Your retirement option.

Your benefit amounts will also depend on whether you are a General member (also referred to as a General member) or Safety member and which payment option you select. See "Plan Membership" in the Active Employees section for more information on membership categories. See "Retirement Eligibility" in the Retirement section for more information on the components that make up the formula and the payment options available.

Social Security Integration

MCERA benefits are integrated with benefits provided by the Federal Social Security Act for Tier 1, 2, 2R, 3 and 3R members. Integration means that as an MCERA member, you will receive the full benefit to which you are entitled from MCERA and you will receive the full benefit to which you are entitled from

Social Security. Generally, each benefit will not be affected by the amount you receive from the other agency. At retirement, your MCERA benefit will have a Social Security integration factor applied at the time it is computed. Tier 4 members, if paying into Social Security, will also receive social security benefits. However, the MCERA retirement benefit will be based on the compensation amounts which do not exceed Social Security limits.

Contributions

You and your employer both contribute to the Plan. See the "Contributions and Account Earnings" in the Active Employees section for more information.

Board of Retirement

Management of MCERA is provided by a nine-member Board and two alternate members. Members include the County Treasurer; four members appointed by the Board of Supervisors; two members elected by general members; one member elected by safety members; and, one member elected by retired members. Safety and retired members also elect an alternate. All Board members, except the County Treasurer, serve for a term of three years. The Treasurer's term is concurrent with the term of office. County Counsel will act as an advisor to the Board.

The Board's responsibilities include determining investment strategy and selecting investment advisors; selecting outside actuaries; and reviewing and ruling on disability retirement claims and special cases. The Board's management functions are governed by the applicable provisions of the California Government Code (including the County employees' retirement Law of 1937 and the California Constitution), and the by-laws and policies of MCERA.

Board meetings are open to the public and subject to the California Ralph M. Brown Act on open meetings. Meetings are typically held the second and fourth Thursday of each month at 8:15 a.m. at the MCERA retirement office. The Board encourages member attendance and comments.

Board meeting agendas and minutes are posted on the website at www.co.merced.ca.us/retirement and the agenda is physically posted at the entrance to the MCERA building. If you would like to attend Board meetings, please see the website at www.co.merced.ca.us/retirement or contact the retirement office and ask when the next meeting will be held.

MCERA Staff

The responsibility of the Merced County Employees' Retirement Association staff is to provide counseling for retirement and disability benefits and information relating to those benefits. Additionally, staff is responsible for the financial records and reports including the Comprehensive Annual Financial Report (CAFR) and other fiscal reports, control of the retirement payroll, contributions' accounting and reconciliation of investments. Staff is dedicated to administer the benefits in accordance with the applicable laws. They are committed to deliver service to the membership in an accurate, courteous, prompt, professional and cost-effective manner.

MCERA CAFR Report

MCERA publishes a Comprehensive Annual Financial Report (CAFR) after the close of each fiscal year. MCERA's CAFR report is prepared in accordance to standards developed by the Government Accounting Standards Board (GASB). A copy of this report is posted on the website at www.co.merced.ca.us/retirement.

Record Confidentiality

The County Employees' Retirement Law of 1937 (CERL) makes individual retirement records confidential. These records may be disclosed only:

- To the member or to someone authorized in writing by the member.
- Upon court order.
- For matters relating to MCERA's administration.

ACTIVE EMPLOYEES

Employee Member Handbook

ACTIVE EMPLOYEES

Plan Membership

Any person who is a permanent employee of the County or another participating employer is a member of MCERA. As of November 2, 1998, Resolution 98-02 established that you become a member of the Retirement system on the first day of service. Prior to that date, in general, all persons employed by the County in permanent positions became members of the system on the first day of the pay period following that in which the member was employed. Employees who are temporary, seasonal, or intermittent employees or who are under contract for temporary services are excluded from membership.

There are six Tiers of membership:

- Tier 1 members are all employees hired prior to June 13, 1994 and some A Level Managers.
- Tier 2 members are employees hired on or after June 13, 1994 for general members and on or after July 1, 1998 for safety members.
- Tier 2R members are reciprocal Court and Cemetery District employees coming from another retirement system and entering the MCERA system on or after February 8, 2018. Reciprocal members would have had to have been originally hired by another reciprocal pension system prior to January 1, 2013.
- Tier 3 members are all employees hired between October 1, 2012 and December 31, 2012 or anyone hired after December 31, 2012 who established reciprocity with another reciprocal pension system and their membership date with the reciprocal system was before January 1, 2013.
- Tier 3R members are reciprocal County employees coming from another retirement system and entering the MCERA system on or after February 8, 2018. Reciprocal members would have had to have been originally hired prior to January 1, 2013.
- Tier 4 members are all employees hired on or after January 1, 2013 who did not establish reciprocity with another system or whose membership date with a reciprocal system was on or after January 1, 2013.

Please note that later in this handbook unless classified separately, Tier 2R will be included with Tier 2 references and Tier 3R with Tier 3.

There are two plans or categories of members in MCERA:

- Safety members include law enforcement and probation officers.
- General members are all members who are not safety members.

Membership is optional for elected officials and those entering employment at age 60 or older who are not reciprocal members.

Vesting

Members are vested in MCERA when they have attained five years (10,400 hours) of retirement service credit with any qualifying agency. Vesting entitles you to receive a pension from MCERA once you have fulfilled all retirement eligibility requirements. Retirement service credit is adjusted proportionately for a member working in a position requiring less than 80 hours in a bi-weekly period. For example, an employee in a permanent variable shift position working 40 hours in a bi-weekly period would earn retirement service credit at 50 percent (40 ÷ 80 = 50%). Such an employee would need to work for ten years to have five years of retirement service credit and be considered vested in MCERA.

Member Enrollment Form

Upon entering employment with the County or another participating employer, you were required to complete a Member Enrollment Form. The enrollment form is the official record that MCERA uses to determine your rate of contribution and to calculate your retirement benefit.

The enrollment form is very important and documents your membership in MCERA. No benefits can be paid unless this form is on file with MCERA. Incorrect contribution amounts can result if information on the enrollment form is incomplete or incorrect. This form is also the instrument used to designate your beneficiary when first enrolled in MCERA.

Beneficiary Designation

You are required to designate a beneficiary when you become an MCERA member. Married members or members with a registered domestic partner normally designate their spouse or domestic partner as beneficiary because of the community property laws in the State of California. Additionally, the retirement plan offers substantial survivor benefits to a spouse or registered domestic partner in the event of the member's pre-retirement death. Please see "Death before Retirement" in the Active Employees section for more information regarding death benefits.

A beneficiary must be a person who has an insurable interest in the member's life. Please see the "Definitions of Terms" section for a definition of insurable interest. You may change your beneficiary designation at any time. Keep your beneficiary designation current to ensure that, in the event of your pre-retirement death, benefits will be paid according to your designation. To change your beneficiary, you may download a beneficiary change form from the website at www.co.merced.ca.us/retirement or contact the MCERA office for a form, and then submit the completed form to the retirement office

Contributions and Account Earnings

Employee Contributions

Funding to pay benefits comes from three basic sources – contributions from you as the member, contributions from your employer, and investment earnings. Contribution rates for both the employee and employer are determined by outside actuaries and are changed annually based on the results of annual actuarial valuations. Contributions are taken as payroll deductions on a pre-tax basis. You will receive a member statement annually (usually in late January or early February) and it will report your accumulated contributions with interst.

Your contribution is computed on your base pay plus any special pays considered compensation earnable for retirement purposes such as shift differentials and allowances for uniform, to name a few examples. Note that your retirement contribution will be taken even from a partial paycheck. If the paycheck amount is insufficient to cover the entire contribution, you will only receive partial service credit for a partial contribution. Please note that some special pays may not be considered compensation earnable for Tier 4 members.

Your contribution rate is based on the following factors:
- Tier 1-3 – Your entry age and plan (General or Safety)
- Tier 4 - Your plan (general or Safety)

Since you are also covered under Social Security, the rate is reduced by one-third for the amount covered under Social Security for Tiers 1 – 3 only.

Contribution rates change based on the fund's outside actuaries' annual studies of the rates. The Board of Retirement recommends contribution rate increases or decreases on the basis of those studies. You may not borrow against your contributions, increase your contributions, nor add to them with other funds. As noted earlier, this is a defined benefit plan and your eventual retirement benefit will be calculated according to a formula. Increasing your contributions would not increase your retirement allowance.

Excluded from contribution calculations, however, are overtime pay and accrual sick leave payoffs upon termination, among other similar pay. If you are interested in whether a particular item in your pay will be included, please contact your employer. The types of pay included for contribution purposes are the same types of pay included in the compensation earnable used to determine your retirement allowance when you retire.

You will contribute to your retirement fund throughout your career with your MCERA-covered employer. The only exception to this requirement and which will end your requirement to make further contributions to the plan is if you were an MCERA member on March 7, 1973, and have attained 30 years of total service eligibility credit including reciprocal time and/or prior service purchase time, or if you are a safety Tier 1-3 member with 30 years of continuous service credit.

If you leave employment and are then rehired by an MCERA-covered employer, your entry age from your earlier employment will be used if you are rehired within 1 year and your contributions remained on deposit, if you redeposit them and return to membership within 1 year, or if you were vested when you left employment. If more than 1 year has lapsed and you were not vested, then your age on your birthday closest to your rehire date will be used.

Employer Contributions

Employer contribution rates vary by tier. Employer contributions are not refundable to the employee at any time.

The retirement law authorizes your employer to pay for some or all of the contributions you would otherwise be obligated to pay. Any employer "pick-up" of your contributions is a negotiated benefit and is subject to current Memorandum of Understanding provisions. Currently none of the participating employers have employer "pick-up."

Interest Earnings

Your account is credited interest on June 30th and December 31st of each year based on the previous six month's balance and according to MCERA's interest crediting policy. Please note that although interest and account balances do impact refunds and survivor benefits, your retirement benefit is determined based on other key factors (service credit, age at retirement and highest 26 consecutive pay periods (Tier 1) or 78 consecutive pay periods (Tier 2, 2R, 3, 3R, and 4) compensation.

Access to Your Contributions

The Retirement Plan does not allow you to borrow from your account, nor may you withdraw money while you are still working for a participating employer or under a reciprocal arrangement.

If you terminate your employment with a participating employer, you may take a refund of your accumulated contributions and the interest credited on them upon proper application submitted to the MCERA office. See the "Termination before Retirement" in the Active Employees section for more information.

Annual Member Statements

Your member statement will show personal information (for example, your date of birth, date of membership, total years of service credit, plan, and designated beneficiary), as well as your current account balance. Your current account balance will reflect your contributions and the interest credited on them. All members are sent a statement once a year in January. You should check your statement carefully and report any errors to MCERA staff.

Plan Investments

While investments provide the primary means of paying benefits, your benefit is guaranteed regardless of investment performance. In other words, it is the employer who bears the risk of investment performance, not the plan participant. Your benefit is based on the factors discussed previously.

The investments of the plan are managed by the Board of Retirement in accordance with the Board approved MCERA Investment Policy Statement (IPS). The Board of Retirement uses investment consultants to assist in overseeing plan assets. The assets are diversified and allocated among different asset classes to meet the expected investment return. Please refer to the current Comprehensive Annual Financial Report (CAFR) or the Investment Policy Statement for more specific information related to MCERA investments, which may be accessed via the Internet at www.co.merced.ca.us/retirement.

Reciprocity

While you may not transfer your contributions (or rollover) earned in another public retirement system to MCERA, you may be able to establish reciprocity with your previous retirement service to your current retirement service. Such linking is called reciprocity. Reciprocity is an agreement between two public retirement systems that allows eligible members to move from one employer to another (during a six-month period) without any loss of credited retirement service or vesting years. Reciprocity enables you to preserve and enhance your total system benefits. Essentially, if you are eligible it gives you portability by allowing you to leave your retirement contributions on deposit regardless of your length of service and to take a deferred retirement.

NOTE: You must retire concurrently from both systems or all systems on the same date if you have established reciprocity unless California Government Code Section 31835.1 applies (this section allows for different retirement dates if you cannot retire on same date due to different age/service requirements). Please notify all involved agencies of your intended retirement date at least a couple of months in advance in order to start the retirement process from both (or all) retirement systems.

Advantages of Reciprocity

- Your current contribution rate is based on your age when you entered the previous

agency's system rather than your MCERA entry age and would probably be a lower rate (Tier 1-3 including reciprocal tiers).
- Your years of retirement service at the previous agency count toward meeting the retirement service credit requirement for vesting and eligibility to retire (see "Service Credit" in the Active Employees section).
- Benefits from both retirement systems are based on your highest compensation earnable under either system.
- Those members entering the plan on or after January 1, 2013 who are eligible and who establish reciprocity may be placed in Tier 3 (for County employees) if their membership date with the reciprocal agency was before January 1, 2013. Those reciprocal members entering into the MCERA system on or after February 8, 2018, will be placed in Tier 2R for Court and Cemetery District employees and Tier 3R for County employees.

Requirements for Reciprocity

- You must have left your contributions on deposit in your previous system.
- You cannot withdraw your contributions from either system once reciprocity has been established. Failure to leave your contributions on deposit with the other system will result in breaking reciprocity and loss of reciprocal benefits.
- You cannot be receiving a retirement from the other system(s) you wish to link.
- The plan membership time between systems cannot be greater than 6 months.
- The other system must be another California 37 Act county, the California Public Employees Retirement System (CalPERS), the California State Teachers' Retirement System (CalSTRS), and any pension plan that has reciprocity with CalPERS (except the University of California Retirement Plan does not have reciprocity with MCERA).
- You must not have concurrent or overlapping service credit with MCERA and the reciprocal system. Exhausting leave balances that count as retirement service credit and/or extending your separation date under your previous system beyond your hire date with an MCERA covered employer will disqualify you for reciprocity.
- You must retire from both systems at the same time unless section 31835.1 applies (this section allows for different retirement dates if you cannot retire on same date due to different age/service requirements).

Reciprocal Systems

MCERA has reciprocal arrangements with the following systems:

- The California Public Employees' Retirement System of the State of California (CalPERS).
- Any pension plan that has reciprocity with CalPERS (except the University of California Retirement Plan does not have reciprocity with MCERA)
- The California State Teachers' Retirement System (CalSTRS).
- Retirement system in the other 19 counties that operate under the County Employees' Retirement Law of 1937 ('37 Act):

  - Alameda
  - Contra Costa
  - Fresno
  - Imperial
  - Kern
  - Los Angeles
  - Mendocino
  - Merced
  - Orange
  - Sacramento
  - San Bernardino
  - San Diego
  - San Mateo
  - Santa Barbara
  - Sonoma
  - Stanislaus
  - Tulare
  - Ventura

- Marin
- San Joaquin

Currently members of the University of California Retirement Plan who leave service and become members of MCERA are not eligible to establish reciprocity with MCERA.

Establishing Reciprocity

Please contact MCERA for the appropriate form to establish reciprocity. You must also inform the other system(s) that you wish to establish reciprocity.

Note: Reciprocity is also of interest when employees leave MCERA to join a public agency elsewhere.

Service Credit

Service credit is the measure of time you earn as a member of MCERA. It is one of the factors used to determine the amount of your retirement benefit. The other factors used to determine your benefit include age at retirement, Tier and highest average compensation earnable (26 consecutive pay periods for Tier 1 members or 78 consecutive pay periods for Tier 2 through 4 members). You earn one year of retirement service credit for each 2,080 hours worked (not including overtime). Members working variable shift earn proportionate amounts of retirement service credit. Your total years of retirement service credit are reported on your annual benefit statement.

NOTE: If you have unused sick leave balances when you retire, it is added to your years of retirement service (excluding Merced Cemetery District) in order to enhance your retirement benefit, but sick leave balances are not used to determine eligibility to retire.

Types of Service Credit

You may be eligible to purchase additional retirement service credit. Service credit that can be purchased includes the following:

NOTE: This type of service cannot be used to satisfy the service requirement for vesting or eligibility to retire. To purchase prior public agency service, you pay twice the contributions that would be required if you had the same length of service as a member of MCERA, including interest that should have been accrued on those contributions. You need to determine if the increased benefit (the increase in your monthly retirement allowance from the enhanced service credit) outweighs the cost of the service credit purchase. Air time is not allowed for purchase.

Past Service - Ineligible for Membership – You may receive retirement service credit for a prior period of service for an MCERA covered employer that was ineligible for membership, such as work classified as temporary, contract employee (not an independent contractor), hourly, part-time or seasonal. Payment would consist of the appropriate member contributions, plus interest that would have accrued on those contributions.

Past Service - Withdrawn Contributions – If you left MCERA covered employment in the past and withdrew your retirement contributions plus related interest, you have no retirement service credit for that period of service. You can restore this retirement service credit in full if you redeposit (pay back) the withdrawn contributions, and any interest that would have accrued on those contributions, under the following conditions

- You returned to your employer and are currently an MCERA member.
- You are currently a member in deferred retirement status.
- You are a member of a reciprocal system and are a Safety member with that agency or were a Safety member with MCERA. Certain restrictions apply so contact MCERA for exact details.

Leaves of Absence - Generally, periods of leave without pay, such as a leave of absence, does not earn retirement service credit, nor can this service be purchased during the leave. However, you may purchase service credit when you return from certain leaves, as described below.

- **Sick Leave Without Pay -** You may purchase up to one year (12 consecutive months) of service credit upon returning to work from authorized sick leave without pay (with proof of medical condition). You purchase service credit by paying the amount of employee contributions plus interest that would have accrued on those contributions. Service credit may not be received for any period of such absence in excess of twelve (12) consecutive months.

- **Military Leave of Absence -** If you resign from your employer or obtain a leave of absence to enter the armed forces of the United States then return to the same employer, you may purchase service credit for the period of military service. To be eligible for military service credit, members who resign or take a leave of absence to enter military service must re-enter employment within one year after terminating military service to be eligible to purchase the military time.

  To purchase this military service credit;
  - A purchase must be after you are re-employed.
  - You must file a request for the credit with MCERA.
  - You cannot be receiving or be eligible to receive a military retirement and your discharge must be honorable.
  - A copy of your military discharge certificate (DD Form 214 or its equivalent) must be provided to verify your military service.
  - Your account is credited with this retirement service credit after you make the purchase.

Note: Purchased previous service credit from an MCERA participating employer counts towards your 5 years of eligibility for vesting in MCERA and it counts towards your 10 (Tier 1-3) and 5 (Tier 4) years of eligibility for retirement. It will not count towards accumulation of vacation or seniority with a participating employer.

How to Purchase Service Credit

Contact MCERA to request that the appropriate form be sent to you and find out what is required to verify the eligibility of the service. Once MCERA staff members receive the form and any necessary verification, they will determine the cost of the purchase and send you a repayment notification. You may also download a copy of the Request to Purchase Form located at www.co.merced.ca.us/retirement.

Active employees may make payments through bi-weekly payroll deductions or a lump-sum payment. Alternatively, you may pay part of the cost in a lump-sum payment at the start, and then pay the remainder through payroll deductions. You may also purchase or redeposit funds by means of a trustee-to-trustee transfer.

Lump Sum Payment

You may choose to make a lump-sum payment of the amount due by personal check, money order or certified check. **Cash payments are <u>not</u> accepted.**

Payroll Deductions

If you choose to make payroll deductions to pay for your retirement service credit purchase and your financial situation changes after you sign a payment contract, <u>you may not stop or change your payments.</u> The maximum number of deductions cannot exceed 130 pay periods or 5 years unless approved by the MCERA board.

Rollovers

This section explains how you can continue to defer federal income tax on your retirement savings in the Merced County Employees' Retirement Association ("MCERA" or "Plan") and contains important information you will need before you decide how to receive your Plan benefits. This section summarizes only the federal (not state or local) tax rules that might apply to your payment. Other tax rules apply for California.

A portion of a payment you are receiving from MCERA may be eligible to be rolled over to an IRA, Roth IRA, or an eligible employer plan. A rollover is a payment by you or MCERA (your "Plan Administrator") of all or part of your benefit to another plan or IRA that allows you to continue to postpone taxation of that benefit until it is paid to you. This notice is intended to help you decide whether to do such a rollover.

Rules that apply to most payments from a plan are described in the "General Information About Rollovers" section. Special rules that only apply in certain circumstances are described in the "Special Rules and Options" section.

General Information About Rollovers

How can a rollover affect my taxes?

You will be taxed on a payment from the Plan that is eligible for rollover (see "How much may I roll over?") if you do not roll it over. If you are under age 59½ and do not do a rollover, you will also have to pay a 10% additional income tax on early distributions (generally, distributions made before age 59½), unless an exception applies. However, if you do a rollover, you will not have to pay tax until you receive payments later and the 10% additional income tax will not apply if those payments are made after you are age 59½ (or if an exception applies).

What types of retirement accounts and plans may accept my rollover?

You may roll over the payment to either an IRA (an individual retirement account or individual retirement annuity) or an eligible employer plan (a tax-qualified plan, section 403(b) plan, or governmental section 457(b) plan) that will accept the rollover. The rules of the IRA or employer plan that holds the rollover will determine your investment options, fees, and rights to payment from the IRA or employer plan (for example, no spousal consent rules apply to IRAs and IRAs may not provide loans). Further, the amount rolled over will become subject to the tax rules that apply to the IRA or employer plan. For example, if you were born before January 1, 1936, you might be entitled to ten-year averaging or capital gain treatment. If you roll over your benefit, however, to a section 403(b) tax-sheltered annuity, a governmental 457 plan, or an IRA in a direct rollover, your benefit will no longer be eligible for that special treatment. See sections below entitled “If you were born on or before January 1, 1936” and “If I do a rollover to an IRA, will the 10% additional income tax apply to early distributions from the IRA?”

How do I do a rollover?

There are two ways to do a rollover. You can do either a direct rollover or a 60-day rollover.

If you do a direct rollover, the Plan will make the payment directly to your IRA or an employer plan. You should contact the IRA sponsor or the administrator of the employer plan for information on how to do a direct rollover.

If you do not do a direct rollover, you may still do a rollover by making a deposit into an IRA or eligible employer plan that will accept it. Generally, you will have 60 days after you receive payment to make a deposit. If you do not do a direct rollover, the Plan is required to withhold 20% of the payment for federal income taxes (up to the amount of cash and property received). This means that, in order to roll over the entire payment in a 60-day rollover, you must use other funds to make up for the 20% withheld. If you do not roll over the entire amount of the payment, the portion not rolled over will be taxed and will be subject to the 10% additional income tax on early distributions if you are under age 59½ (unless an exception applies).

How much may I roll over?

If you wish to do a rollover, you may roll over all or part of the amount eligible for rollover. Any payment from the Plan is eligible for rollover, except:

- Certain payments spread over a period of at least 10 years or over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary)
- Required minimum distributions after age 70½ (or after death)

The Plan administrator or payor can tell you what portion of a payment is eligible for rollover.

If I don't do a rollover, will I have to pay the 10% additional income tax on early distributions?

If you are under age 59½, you will have to pay the 10% additional income tax on early distributions for any payment from the Plan (including amounts withheld for income tax) that you do not roll over, unless one of the exceptions listed below applies. This tax applies to the part of the distribution that you must include in income and is in addition to the regular income tax on the payment not rolled over.

The 10% additional income tax does not apply to the following payments from the Plan:

- Payments made after you separate from service if you will be at least age 55 in the year of the separation;
- Payments that start after you separate from service if paid at least annually in equal or close to equal amounts over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary);
- Payments made after you separate from service if you are a qualified public safety employee and you will be at least age 50 in the year of the separation;
- Payments made due to disability;
- Payments made after your death;
- Cost of life insurance paid by the Plan;
- Payments made directly to the government to satisfy a federal tax levy;
- Payments made under a qualified domestic relation order (QDRO);
- Payments up to the amount of your deductible medical expenses (without regard to whether you itemize deductions for the taxable year);
- Certain payments made while you are on active duty if you were a member of a reserve component called to duty after September 11, 2001 for more than 179 days; and
- Payments for certain distributions relating to certain federally declared disasters.

If I do a rollover to an IRA, will the 10% additional income tax apply to early distributions from the IRA?

If you receive a payment from an IRA when you are under age 59½, you will have to pay the 10% additional income tax on early distributions on the part of the distribution that you must include in income, unless an exception applies. In general, the exceptions to the 10% additional income tax for early distributions from an IRA are the same as the exceptions listed above for early distributions from a plan. However, there are a few differences for payments from an IRA, including:

- The exception for payments made after you separate from service if you will be at least age 55 in the year of the separation (or age 50 for qualified safety employees) does not apply.
- The exception for qualified domestic relations orders does not apply (although a special rule applies under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to an IRA of a spouse or former spouse).

- The exception for payments made at least annually in equal or close to equal amounts over a specified period applies without regard to whether you have had a separation from service.
- There are additional exceptions for (1) payments for qualified higher education expenses, (2) payments up to $10,000 used in a qualified first-time home purchase, and (3) payments for health insurance premiums after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

Will I owe state income taxes?

This notice does not describe any State or local income tax rules (including withholding rules).

If my payment is not eligible for rollover, will it be subject to mandatory withholding?

If any portion of your payment is taxable, but cannot be rolled over, the mandatory withholding rules described above do not apply. In this case, you may elect not to have withholding apply to that portion. If you do nothing, an amount will be taken out of this portion of your payment for federal income tax withholding. To elect out of withholding, ask MCERA for the election form and related information.

What are the consequences for failing to defer receipt of an eligible rollover distribution?

If you choose to have an eligible rollover distribution (or a distribution that is not eligible for rollover) paid to you now rather than deferring receipt, for example, by leaving the money in the Plan, or by rolling over the eligible rollover distribution to a traditional IRA or an eligible employer plan:

- You could lose your ability to defer income taxes on the distribution until a later date.
- You may be subject to the additional 10% early distribution penalty if you receive payment before age 59½.
- Your benefit may be less now than it will be if you defer receipt until a later date.
- Your retirement savings may be reduced.

How much time do I have to decide?

Generally, neither a direct rollover nor a payment can be made from the plan until at least 30 days after your receipt of this notice. Thus, after receiving this notice, you have at least 30 days to consider whether or not to have your withdrawal directly rolled over. If you do not wish to wait until this 30-day notice period ends before your election is processed, you may waive the notice period by making an affirmative election indicating whether or not you wish to make a direct rollover. Your withdrawal will then be processed in accordance with your election as soon as practical after it is received by the Plan administrator.

Special Rules And Options for Rollovers

If your payment includes after-tax contributions

After-tax contributions included in a payment are not taxed. If a payment is only part of your benefit, an allocable portion of your after-tax contributions is generally included in the payment, so you cannot take a rollover of only after-tax contributions.

You may roll over to an IRA a payment that includes after-tax contributions through either a direct rollover or a 60-day rollover. You must keep track of the aggregate amount of the after-tax contributions in all of your IRAs (in order to determine your taxable income for later payments from the IRAs). The Plan Administrator can tell you the amount of any after-tax contributions included in your distribution request. If you do a direct rollover to an IRA of only a portion of the amount paid from the Plan and at the same time the rest is paid to you, the portion directly rolled over consists first of the amount that would be taxable if not rolled over. For example, assume you are receiving a distribution of $12,000, of which $2,000 is after-tax contributions. In this case, if you directly roll over $10,000 to an IRA that is not a Roth IRA, no amount is taxable because the $2,000 amount not directly rolled over is treated as being after-tax contributions.

If you do a 60-day rollover to an IRA of only a portion of a payment made to you, the after-tax contributions are treated as rolled over last. For example, assume you are receiving a distribution of $12,000, of which $2,000 is after-tax contributions, and no part of the distribution is directly rolled over. In this case, if you roll over $10,000 to an IRA that is not a Roth IRA in a 60-day rollover, no amount is taxable because the $2,000 amount not rolled over is treated as being after-tax contributions.

You may roll over to an employer plan all of a payment that includes after-tax contributions, but only through a direct rollover (and only if the receiving plan separately accounts for after-tax contributions and is not a governmental section 457(b) plan). You can do a 60-day rollover to an employer plan of part of a payment that includes after-tax contributions, but only up to the amount of the payment that would be taxable if not rolled over.

If you miss the 60-day rollover deadline

Generally, the 60-day rollover deadline cannot be extended. However, the IRS has the limited authority to waive the deadline under certain extraordinary circumstances, such as when external events prevented you from completing the rollover by the 60-day rollover deadline. Under certain circumstances, you may claim eligibility for a waiver of the 60-day rollover deadline by making a written self-certification. Otherwise, to apply for a waiver from the IRS, you must file a private letter ruling request with the IRS. Private letter ruling requests require the payment of a nonrefundable user fee. For more information, see IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs).

If you were born on or before January 1, 1936

If you were born on or before January 1, 1936 and receive a lump sum distribution that you do not roll over, special rules for calculating the amount of the tax on the payment might apply to you. For more information, see IRS Publication 575, Pension and Annuity Income.

If you are an eligible retired public safety officer and your payment is used to pay for health coverage or long-term care insurance

If you retired as a public safety officer and your retirement was by reason of disability or was after normal retirement age, you can exclude from your taxable income Plan payments paid directly as premiums to an accident or health plan (or a qualified long-term care insurance contract) that your employer maintains for you, your spouse, or your dependents, up to a maximum of $3,000 annually.

If you roll over your payment to a Roth IRA

If you roll over a payment from the Plan to a Roth IRA, a special rule applies under which the amount of the payment rolled over (reduced by any after-tax amounts) will be taxed. However, the 10% additional income tax on early distributions will not apply (unless you take the amount rolled over out of the Roth IRA within 5 years, counting from January 1 of the year of the rollover).

If you roll over the payment to a Roth IRA, later payments from the Roth IRA that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a Roth IRA is a payment made after you are age 59½ (or after your death or disability, or as a qualified first-time homebuyer distribution of up to $10,000) and after you have had a Roth IRA for at least 5 years. In applying this 5-year rule, you count from January 1 of the year for which your first contribution was made to a Roth IRA. Payments from the Roth IRA that are not qualified distributions will be taxed to the extent of earnings after the rollover, including the 10% additional income tax on early distributions (unless an exception applies). You do not have to take required minimum distributions from a Roth IRA during your lifetime. For more information, see IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs) and IRS Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs).

If you are not a Plan participant

Payments after death of the participant. If you receive a distribution after the participant's death that you do not roll over, the distribution will generally be taxed in the same manner described elsewhere in this notice. However, the 10% additional income tax on early distributions and the special rules for public safety officers do not apply, and the special rule described under the section “If you were born on or before January 1, 1936” applies only if the participant was born on or before January 1, 1936.

If you are a surviving spouse

If you receive a payment from the Plan as the surviving spouse of a deceased participant, you have the same rollover options that the participant would have had, as described elsewhere in this notice. In addition, if you choose to do a rollover to an IRA, you may treat the IRA as your own or as an inherited IRA.

An IRA you treat as your own is treated like any other IRA of yours, so that payments made to you before you are age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies) and required minimum distributions from your IRA do not have to start until after you are age 70½.

If you treat the IRA as an inherited IRA, payments from the IRA will not be subject to the 10% additional income tax on early distributions. However, if the participant had started taking required minimum distributions, you will have to receive required minimum distributions from the inherited IRA. If the participant had not started taking required minimum distributions from the Plan, you will not have to start receiving required minimum distributions from the inherited IRA until the year the participant would have been age 70½.

Under current IRS guidance, effective June 26, 2013, same-sex couples legally married in a jurisdiction with laws authorizing same-sex marriage will be treated as married for federal tax purposes and the rules described in this Notice for surviving spouses will be applicable. Note that individuals who are in registered domestic partnerships, civil unions, or other similar relationships that may be recognized under state law but are not considered a legal marriage under state law, will not be treated as married for federal tax purposes. Individuals who are not considered married spouses for federal tax purposes would be covered by the rules described under the section below titled “If you are a surviving beneficiary other than a spouse.”

Note that California state law recognizes same-sex spouses and, for California state tax purposes, also treats registered domestic partners in the same manner as spouses. This means that it appears there will continue to be a difference in treatment of registered domestic partners for federal and California tax purposes. This area of the law is evolving and anyone affected by these situations may wish to consult with a professional financial or tax advisor.

If you are a surviving beneficiary other than a spouse

If you receive a payment from the Plan because of the participant's death and you are a designated beneficiary other than a surviving spouse, the only rollover option you have is to do a direct rollover to an inherited IRA. Payments from the inherited IRA will not be subject to the 10% additional income tax on early distributions. You will have to receive required minimum distributions from the inherited IRA.

<u>Payments under a qualified domestic relations order</u>. If you are the spouse or former spouse of the participant who receives a payment from the Plan under a qualified domestic relation order (QDRO), you generally have the same options and the same tax treatment that the participant would have (for example, you may roll over the payment to your own IRA or an eligible employer plan that will accept it). However, payments under the QDRO will not be subject to the 10% additional income tax on early distributions.

If you are a nonresident alien

If you are a nonresident alien and you do not do a direct rollover to a U.S. IRA or U.S. employer plan, instead of withholding 20%, the Plan is generally required to withhold 30% of the payment for federal income taxes. If the amount withheld exceeds the amount of tax you owe (as may happen if you do a 60-day rollover), you may request an income tax refund by filing Form 1040NR and attaching your Form 1042-S. See Form W-8BEN for claiming that you are entitled to a reduced rate of withholding under an income tax treaty. For more information, see also IRS Publication 519, U.S. Tax Guide for Aliens, and IRS Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities.

Other special rules

- If a payment is one in a series of payments for less than 10 years, your choice whether to make a direct rollover will apply to all later payments in the series (unless you make a different choice for later payments).
- If your payments for the year are less than $200 the Plan is not required to allow you to do a direct rollover and is not required to withhold federal income taxes. However, you may do a 60-day rollover.
- You may not elect to have separate portions of an eligible rollover distribution directly rolled over to multiple trustees or custodians.
- You may have special rollover rights if you recently served in the U.S. Armed Forces. For more information on special rollover rights related to the U.S. Armed Forces, see IRS Publication 3, Armed Forces' Tax Guide. You also may have special rollover rights if you were affected by a federally declared disaster (or similar event), or if you received a distribution on account of a disaster. For more information on special rollover rights related to disaster relief, see the IRS website at www.irs.gov.

For More Information

You may wish to consult with MCERA and a professional tax advisor, before taking a payment from the Plan. Also, you can find more detailed information on the federal tax treatment of payments from employer plans in: IRS Publication 575, Pension and Annuity Income; IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs); IRS Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs); and IRS Publication 571, Tax-Sheltered Annuity Plans (403(b) Plans). These publications are available from a local IRS office, on the web at www.irs.gov, or by calling 1-800-TAX-FORM.

If you have additional questions after reading this notice, you can contact MCERA at (209) 726-2724.

If you are in a deferred status, you may repay contributions and interest only by lump-sum payment. You must repay ALL contributions and interest, or no retirement service credit will be given (partial service credits are not possible for redeposits).

The payment options outlined above will appear on your payment contract, along with any restrictions on the length of time you have to complete the payments.

NOTE: You may purchase retirement service credit with a direct transfer of monies from your employer-sponsored 403(b) or 457(b) account. Contact MCERA for more details about the procedure.

Termination Before Retirement

If you leave your job before you are eligible for retirement, there are a number of options available to you. First, you should contact either your department payroll clerk or the MCERA office to request the required forms.

Upon termination from employment, there are five possible options. Your eligibility for the different options will depend on how many years of eligible retirement service credit you have.

Options and Eligibility Requirements:

- **Deferred Retirement** - leaving your contributions and interest on deposit with MCERA so that you can begin receiving a pension in the future. (Available only if you are fully vested with at least five years of retirement service credit). As a deferred member, you may receive your retirement allowance at any time that you would have been eligible to retire for service had you remained in employment. You must contact the MCERA office to apply for retirement when you are eligible or when you desire to begin receiving benefits. Deferred members may cancel their deferred retirement election and withdraw their accumulated contributions at any time prior to receiving a retirement allowance unless they have established reciprocity with an eligible public agency.
  - **Deferred Retirement with Reciprocity** - leaving your contributions and interest on deposit with MCERA because you are going to work for a county or agency that has a reciprocal arrangement with MCERA and you want the two retirement systems to be linked.
  - **A Rollover** - withdrawing your contributions and the interest credited on them by having the tax-deferred portion rolled over directly to an IRA or a new employer's plan, and having any after-tax portion made payable to you.
  - **A Lump-Sum Refund (payable to you)** - taking payment of all of your contributions and the interest credited on them. Please note if you choose to have a lump sum refunded to you 20% of it will be deducted for federal taxes. The state tax deduction is optional although you may still be responsible to pay those later.
  - **Leave Contributions on Deposit** - if you have less than five years of service you may elect to leave your contributions on deposit. You may elect at any time to rescind in writing this election and withdraw your accumulated contributions. You may be eligible to retire at age 70 if you are a non-vested member, so contact MCERA for more information.

Disposition of Retirement Contributions Form

To elect any of these options, you must complete and submit the Disposition of Retirement Contributions Form. Contact MCERA or your payroll clerk for a copy. You may download a copy of the form at www.co.merced.ca.us/retirement.

Please note that for reciprocity, you must join the retirement system of your new employer within 6 months after your termination date. If your entry into that system happens later than 6 months post termination, then you are not eligible to establish reciprocity.

If you choose a deferred retirement with reciprocity, your new employer may base your contributions to its retirement system on your MCERA entry age (for Tier 1-3 members). If you make this choice, you cannot later change your mind and have your contributions and interest refunded from MCERA- that restriction will be in place as long as you are covered by a reciprocal arrangement.

NOTE: Selecting a refund option will end your membership in MCERA and thus any eligibility for future retirement or disability retirement benefits. Also, these refunds may be subject to taxes and penalties, depending on your age. You will receive the appropriate forms and tax information from MCERA. You can avoid mandatory tax withholding of 20% for federal income taxes by selecting the rollover option. If you choose this option, the portion of your contribution account eligible will be rolled over directly to an IRA or other qualified plan.

Pre-Retirement Death

The type of death benefit offered will depend on the years of service and if the cause of death was service connected or not. You must be actively employed with an MCERA participating employer upon your death in order to leave a continuance to your eligible beneficiary or a lump-sum payment of one month's compensation for each year of your credited service, not to exceed 6 months of salary for a vested member. If you elect a deferred retirement or a deferred retirement with reciprocity your contributions and the interest credited on them will be paid to your designated beneficiary. If you take a refund you will cease to be a member of MCERA's retirement plan and no death benefits will be payable.

Nonservice-Related Death Benefit

Less than 5 Years of Service Credit: If you die before you have five years of retirement service credit, your spouse or dependent children (or other named beneficiary, if you do not have a spouse or children or they are no longer living) will receive a lump-sum payment of any contributions you made, plus interest and one month's compensation for each year of service credit up to six months' compensation.

Five Years or More of Service Credit: If you have at least five years of retirement service credit at the time of your death the following options are available:

- **Optional Death Allowance** (available only to your eligible spouse, registered domestic partner or dependent children): This is a monthly payment equal to 60% of the amount that would have been awarded in a nonservice-connected disability retirement. Your surviving spouse or eligible domestic partner may also elect to receive a monthly amount for life of 60% of the retirement allowance to which the member would have been entitled had he/she retired on the day of his/her death. If the member had not attained the qualifying age at the time of death, the surviving spouse or registered domestic partner may elect to leave the member's accumulated contributions on deposit until such time as the member would have attained the qualifying age had he/she lived, at which time the spouse or domestic partner may exercise the option above (this last option is only available if member had at least ten years of retirement service credit).
- **Modified Optional Death Allowance** (available only to your eligible spouse or registered domestic partner): This is a lump-sum payment of one month's compensation for each year of your credited service, up to a maximum of six months' compensation, plus a reduced monthly benefit that will depend on the age of the beneficiary.
- **Death Benefit:** This is a lump-sum payment of one month's compensation for each year

of your credited service, up to a maximum of six months' compensation, plus any contributions you made plus interest.

Service-Related Death Benefit

A service-related death is one that results from a service-connected injury or disease that arises from your employment with a participating employer. If your death is service-related, your surviving spouse or registered domestic partner could receive 100% of what would have been paid in a service-connected disability. In other words, this would be a lifetime monthly allowance equal to 50% of your active final monthly compensation.

Additional Benefits for Safety Members

If you are a Safety member and you die while in the performance of duty and your death was due to extreme force or violence, your spouse would receive an additional lump-sum payment equal to one year's compensation. If you have minor children, your spouse would receive an additional monthly benefit based on the amount you would receive from the benefit amount calculated under Government Code Section 31787, up to when each child marries or reaches age 18:

- One child - 25%
- Two children - 40%
- Three or more children – 50%

If you do not leave a surviving spouse when you die but you do leave surviving unmarried children under age 18, a legally-appointed guardian of the children shall make an election for all death benefits. The court must appoint a legal guardian, even if a biological parent exists.

MCERA staff will explain the options to your beneficiaries once it receives notification of your death.

RETIREMENT PLANNING

Employee Member Handbook

PLANNING RETIREMENT

Retirement Eligibility

Retirement directly from active service with a participating employer is called a service retirement. This does not include disability retirement which is presented later in this handbook. Your eligibility for retirement depends on your age, your Tier, your years of service and plan type.

General Plan Members

- Tier 1 Members
  - If you are age 50 and have 10 years of eligible service credit, you may retire.
  - If you have 30 years or more of eligible service credit, you may retire any time, regardless of your age.
  - If you have reached age 70, you may retire anytime.
- Tier 2 - 3 (includes Tiers 2R and 3R) Members
  - If you are age 55 and have 10 years of eligible service credit, you may retire.
  - You have reached age 70, you may retire anytime, regardless of how many years of service you have.
  - If you have 30 years or more of eligible service credit, you may retire any time, regardless of your age.
- Tier 4 Members
  - If you are age 52 and have 5 years of eligible service credit, you may retire.
  - You have reached age 70, you may retire anytime, regardless of how many years of service you have.

Safety Plan Members

- Tier 1- Tier 3 (includes Tier 2R and 3R) Members
  - If you are age 50 and have 10 years of eligible service credit, you may retire
  - If you have 20 years or more of eligible service credit, you may retire anytime, regardless of your age.
  - If you have reached age 70, you may retire anytime, regardless of how many years of service you have. You may retire at 65 if you were a member prior to December 31, 1978.
- Tier 4 Members
  - If you are age 50 and have 5 years of eligible service credit, you may retire.
  - You have reached age 70, you may retire anytime, regardless of how many years of service you have.

Service Retirement Formula Factors

The formula for your retirement benefit is based on the following:

- Age at retirement,
- Amount of retirement service credit,
- Final Average Salary,
- Retirement Formula of your Tier,

You will receive a percent of your final average compensation for every year of service depending on your age and the Government Code Section your Tier is governed by.

As of March 15, 2005 for General Tier 1 and 2 County, Solid Waste and as of November 4, 2005 for Court members will receive a service retirement benefit calculated using the formula under Government Code Section 31676.17. The maximum percent you may receive is 3%, which is reached at age 60 for General Tier 1 and 2 members.

Benefits for General members in the Merced County Cemetery District and those in Deferred and Deferred Inactive Reciprocity status prior to March 15, 2005 are calculated using the formula in Government Code Section 31676.11 (Tier 1 and Cemetery) and 31676.1 (Tier 2). The maximum percentage you may receive is 2.43%, which is reached at age 65 for General members.

Benefits for General Tier 3 are calculated using the formula in Government Code Section 31676.1. The maximum percent you may receive is 2.43%, which is reached at age 65 for General members.

Tier 4 General members will receive a service retirement benefit calculated under Government Code Section 7522.20. The maximum percent you may receive is 2.50%, which is reached at age 67 for General members.

As of July 1, 2005, Safety Tier 1 and 2 members will receive a service retirement benefit calculated using the formula under Government Code Section 31664.1. The maximum percent you may receive is 3.00%, which is reached at age 50 for Safety members.

Any Safety member placed in deferred status prior to July 1, 2005 or any Tier 3 member will receive a service retirement benefit calculated using the formula under Government Code Section 31664. The maximum percent you may receive is 2.62%, which is reached at age 55 for Safety members.

Tier 4 Safety members will receive a service retirement benefit calculated under Government Code Section 7522.25. The maximum percent you may receive is 2.70%, which is reached at age 57 for General members.

The Age Factor

Ages used in determining retirement allowances for Tier 1 through 3 members are stated in terms of quarter-years. You will receive an incremental age adjustment, which slightly increases your benefit for each quarter of a year increase in your age up to age 50 for Safety members and age 60 for General members. For example, if you were born in January 1950 and retired in May 2005, your age at retirement would 55 1/4.

If you select an option other than the "unmodified" allowance, your monthly payment amount will be reduced by your beneficiary's age as well. If your beneficiary is much younger than you are your retirement benefit can be sharply reduced.

Service Credit Factor

Service credit is based on actual hours worked, excluding overtime. The following types of service credit, if purchased, count towards eligibility to retire:

- Redeposit of prior membership contributions.
- Prior ineligible service such as extra help, temporary, seasonal or hourly.
- Medical Leave (personal illness not to exceed 12 consecutive months).
- Military Leave (members who re-sign to enter military service must re-enter employment within one year of termination of military service. Employees who take a leave of absence for military service must return to Merced County service within one year of separating from military service to be eligible for purchase).

Prior Public Service may be purchased when the Board of Supervisors allows purchase, but this purchase does not count towards eligibility for retirement. It will however, increase your years of service for benefit purposes.

At retirement your sick leave balance will be converted into years of service for retirement purposes only. You are only eligible to convert your sick leave balance into retirement years of service credit if you retire directly from an MCERA participating employer (deferred and Merced Cemetery District members are not eligible to convert sick leave hours into retirement service credit). Sick leave balances converted into retirement service credit are not used to determine eligibility for retirement.

Final Average Salary (FAS)

The monthly average salary is the salary used by MCERA to calculate the retirement benefit.

- Highest 26 consecutive pay periods (Tier 1 members only).
- Highest 78 consecutive pay periods (Tier 2 – 4 members only).
- Loyalty bonus (Tier 1 – 3, however please see below for important notice).
- Up to 160 hours of your vacation payoff amount at the time of terminating your employment. In addition to getting paid for your vacation balance, up to 160 hours of the payoff amount will also be applied towards your final average compensation (Tier 1 – 3). Tier 2R and 3R, are excluded from considering vacation payoff earnings as part of retirement benefit calculation.
- Sick leave sold back during the 25th pay period (Tier 1 – 3).
- Vacation sold back during the 25th pay period (Tier 1 – 3 management only).
- Some special pays, for example uniform allowance, bilingual pay, confidential pay, etc. Please contact your payroll clerk for information regarding any additional pay and its applicability for retirement (see below for important notice and the types of special pay included as pensionable are also determined by your Tier).

Optimizing Your Retirement

There are several factors that might optimize your monthly retirement benefit:

- Your birthday, or immediately following your birthday, or at any three-month interval after your birthday is a good time to retire because your age is counted in quarter-years for determination of benefits. Please refer to the government code section for which your Tier is governed under to determine what the age cap is on the incremental age increases.
- Annual cost of living increase, which is effective on April 1st of each year. If you plan to retire in the spring, you might want to choose a date no later than April 1st so that your retirement allowance includes any cost-of-living adjustment (Tier 1 members only).
- If you are a Tier 1 member and plan to retire within the next year, selling any vacation or sick leave during the 25th pay period will increase your final average compensation. If you are a Tier 2 member you should start selling vacation and sick leave hours three years before retirement.
- Accumulating vacation hours, up to 160 hours, prior to retirement may be used to calculate your final compensation. (excluding Tier 2R, 3R and 4). When retiring you may receive up to 160 hours of your vacation payoff amount applied towards your final compensation in addition to getting paid for it, which can increase your final average salary (Tier 1 – 3).

Monthly Retirement Payments

Your monthly payment from the retirement system is called your "retirement benefit." Retirees can be paid only in the form of monthly payments, not a lump-sum payment. If you terminate your employment before retirement, you may request a lump-sum payment of your contributions. However, you will then be ineligible for any retirement benefits and will not be considered a "retired" member.

Retirement Options

You can select the retirement option that best meets your needs for providing for a spouse, domestic partner, or other beneficiary. Some of the options require that your monthly allowance be reduced in order to provide a lifetime monthly continuance for your beneficiary.

You will designate a beneficiary when you apply for retirement. This will supersede any previous beneficiary designation. When you retire, you will choose an option that determines how this beneficiary is paid after your death. This is an important decision, as it can affect the amount of the allowance you receive. **Please note that MCERA is required to follow all IRS Regulations. Such regulations as the 401(a)9 Minimum Distribution Requirements may impact the annuity left to your beneficiary if choosing an Option 2 or 4 and if choosing to designate a non-spouse beneficiary.**

Unmodified Option

This offers you the maximum benefit for your lifetime. If you designate your eligible spouse or domestic partner, he/she will receive a lifetime monthly continuance of 60% (100% if Service Connected Disability) of the amount you were receiving for the rest of his/her life. For your spouse to be considered eligible, he/she must have been married to you for at least one year prior to the time you retired. A domestic partner is eligible if he/she was lawfully registered with you in a domestic partnership one year prior to your retirement. If you designate your unmarried minor children, they will receive a monthly continuance of 60% of the amount you were receiving until they marry or reach age 18, whichever comes first. Children are also considered eligible up to the age of 22 if they remain unmarried and are enrolled as full-time students in an accredited school. If more than one child is designated as your beneficiary, then the benefit will be divided among them.

If you are not married, registered or have any unmarried minor children your beneficiary will NOT receive a continuance. Your beneficiary will only receive any unused contributions that remain on deposit after reducing the entire retirement benefit amount that was given to you throughout your retirement from your contributions (if any remain). Usually members deplete their contributions within two years of retiring with this option.

Note: Married members and domestic partners generally consider the unmodified allowance the best payment option because the other options reduce the benefit payable to you in exchange for allowing the designation of someone other than your spouse or domestic partner as beneficiary.

Option 1

This offers you a reduced allowance for your lifetime. Your beneficiary does not have to be a spouse or domestic partner, but he/she must have an insurable interest in your life (please refer to the "Definition of Terms" section for further explanation). Please note that under California community property law, retiree's spouse or state registered domestic partner may have certain rights over any designated beneficiary.

Your beneficiary will receive a lump-sum of your unused contributions (if any remain in your account). With this option your contributions are usually exhausted within the first seven years of retirement. Your contributions deplete at a slower rate than the unmodified option. This is the ONLY option that allows you to change your beneficiary after retirement.

Note: A member who wants a beneficiary to receive a lump-sum benefit generally prefers this option, or a member who requires flexibility in the selection of a beneficiary. Also, members who are in poor health might want to ensure that their beneficiary receives as much benefit as possible because they will not be drawing on the benefit for long and anticipate receiving undistributed contributions.

Option 2

This offers you a reduced allowance for your lifetime. This particular reduction depends on your age and the age of the beneficiary you designate. Your beneficiary does not have to be a spouse or domestic partner, but he/she must have an insurable interest in your life (please refer to the "Definition of Terms" section for further explanation). Please note that under California community property law, retiree's spouse or state registered domestic partner may have certain rights over any designated beneficiary.

You may not change your beneficiary after you retire. Your beneficiary will receive a lifetime continuance of 100% of the (reduced) amount you were receiving. When your beneficiary dies, payments stop and no further benefits will be paid. If your beneficiary predeceases you there will be no continuance to your new survivor nor will your monthly allowance increase. **IMPORTANT: If you designate a non-spouse beneficiary that has an age difference of more than 10 years younger than you, your beneficiary will be subject to IRS Regulation 401(a)(9) Required Minimum Distribution limits. This regulation mandates MCERA to reduce the beneficiary's annuity up to 53% of**

your annuity, depending on the age difference of you and the beneficiary at the time of retirement.

Note: A member who wants to leave a beneficiary the greatest possible amount of money might prefer this option. MCERA must comply with all IRS regulations and rules.

Option 3

This offers you a reduced benefit for your lifetime. The reduction depends on your age and the age of the beneficiary you designate. Your beneficiary does not have to be a spouse or domestic partner, but he/she must have an insurable interest in your life (please refer to the “Definition of Terms” section for further explanation). Please note that under California community property law, retiree’s spouse or state registered domestic partner may have certain rights over any designated beneficiary.

You may not change your beneficiary after you retire. Your beneficiary will receive a lifetime continuance of 50% of the (reduced) amount you were receiving. When your beneficiary dies, payments stop and no further benefits will be paid. If your beneficiary predeceases you there will be no continuance to your new survivor nor will your monthly allowance increase.

Note: A member who wants to minimize the reduction of his or her benefit but still wants to provide a lifetime benefit to a beneficiary might find this option preferable.

Option 4

This offers you a reduced benefit for your lifetime. The reduction depends on your age and the age of your beneficiary(ies). This is the ONLY option that allows for multiple beneficiaries. Your beneficiary does not have to be a spouse or domestic partner, but he/she must have an insurable interest in your life (please refer to the “Definition of Terms” section for further explanation). Please note that under California community property law, retiree’s spouse or state registered domestic partner may have certain rights over any designated beneficiary. **IMPORTANT: If you designate a non-spouse beneficiary that has an age difference of 10 or more years younger than you, your beneficiary will be subject to IRS Regulation 401(a)(9) Required Minimum Distribution limits. This regulation mandates MCERA to reduce the beneficiary’s benefit up to 53% of your annuity, depending on the age difference of you and your beneficiary at the time of retirement.**

You may not change your beneficiary after you retire. This option allows member to assign the percent of continuance to each beneficiary. This option cannot be calculated by MCERA staff therefore this option and any estimates for this option will need to be calculated by MCERA’s actuary. The costs for this calculation must be paid by the member. Please contact our office for current cost of calculating an Option 4. When your beneficiary(ies) dies, payments stop and no further benefits will be paid. If your beneficiary(ies) predeceases you, there will be no continuance to your new survivor nor will your monthly allowance increase.

Note: A member who has a current spouse and an ex-spouse, and per court order must nominate an ex-spouse as one of the beneficiaries or provide the ex-spouse with a lifetime benefit, must choose this option. If a member wishes to nominate more than one beneficiary for a lifetime benefit, the member must choose this option as well. MCERA must comply with all IRS regulations and rules.

You may change your selected option up until the time your first retirement benefit is issued. After that time, your option selection is irrevocable. Please be advised that if you make a change and do not allow sufficient time for recalculation of your payments, your first payment may be delayed. If you have selected Options No. 2, 3, or 4 you may not change your beneficiary at any time. For those options, the amount of your retirement allowance is set according to both your age and the age of the beneficiary you select at retirement.

Options are usually mailed to your home address 2-4 weeks after your payoff amounts have been paid in your final paycheck. If you have established reciprocity it usually takes longer because your wage verification information needs to be submitted to MCERA from the other system before we can complete your options.

Temporary Annuity for Retirees under Age 62

The Temporary Annuity option is a way for members integrated with Social Security to level their income after retirement. If you retire for years of service before reaching age 62 and are fully insured under Social Security, you may elect to have your MCERA retirement allowances increased prior to age 62 and decreased after age 62 by amounts that have equivalent actuarial values.

Under this optional plan, you would receive more than your normal monthly retirement benefit until you reach age 62. When you reach age 62, your monthly benefits would be reduced below the normal amount for the remainder of your lifetime. After age 62, Social Security benefits should make up the difference in your monthly benefit, however this is not guaranteed since the benefit is based on the estimate provided to you by Social Security and the actual amount you receive from Social Security may be different. It is the member's responsibility to apply for Social Security benefits at age 62 and to provide MCERA with the proper (estimate form) from Social Security.

After you have determined the effective date of your retirement and received an estimate from Social Security, if you so request, the MCERA office will calculate an estimate of the benefits payable under the temporary annuity option to assist you in your decision.

Cost-of-Living Adjustment (COLA)

The Retirement Plan provides for a cost-of-living adjustment (COLA) for Tier 1 members only. Cost-of-living adjustments go into effect on April 1st each year. To be eligible for the COLA enacted in any particular year, you must retire on or before April 1st of that year and be a Tier 1 member. The maximum for a cost of living adjustment is 3%.

Applying for Retirement

When the time for your retirement draws near, it's important that you meet with MCERA staff to discuss your options. To obtain a retirement packet (which includes the application), call the MCERA office to schedule an appointment. The application cannot be submitted more than 60 days prior to your retirement date. It is your responsibility to notify your employer of your retirement.

You can rescind your application or change the retirement date by submitting a written request to MCERA before any retirement benefits have been paid. However, such a request will not automatically reinstate you as an employee. The decision on whether to reinstate you will rest with your former participating employer. So, plan your retirement date carefully!

Other Payment Decisions

When you apply for retirement, you will be required to make a decision as to tax withholding. You will also need to determine which financial institution you want to receive the direct deposit of your monthly retirement benefit electronically (Electronic Fund Transfers–EFT).

Deductions for health, dental, vision, life insurance may be made from your monthly retirement benefit (contact Risk Management for more information on health, dental and life insurance and VSP for vision insurance). Additionally, you can arrange for deductions for Merced Employees' Credit Union (MERCO). For your convenience, dues for Retired Employees of Merced County (REMCO) can also be deducted from your retirement benefit.

Medical, Dental, Life and Vision Insurance Availability

Retiree health, dental, and life insurance for you and your dependents may be available. For more information regarding medical, dental and life insurance contact County Risk Management at 209-385-7356 if you are a County employee. If you are a Court employee, contact 209-725-4103. For information on vision insurance, contact VSP at 1-800-400-4569.

Internal Revenue Section Codes

MCERA is required to follow IRS Regulations that are applicable to public pension plans. Specifically but not limited to, MCERA must follow IRS Regulations for Normal Retirement Age (§ 401(a)(36)), Distribution Restrictions (§ 401(a)), Compensation Limits (§ 401(a)(17)), Required Minimum Distribution Rules (§ 401(a)(9)) and Annual Limits (§ 415).

Section 401(a)(9) Required Minimum Distribution Rules

This section of IRS code impacts members who choose an Option 2 or Option 4 and designate a beneficiary that is 10 year or younger than the member. Per IRS Code, the beneficiary's benefit must be reduced by a formula and table dictated by the IRS. A beneficiary's benefit may be reduced by up to 53% per this regulation.

Section 415

MCERA is a tax-exempt plan under the Internal Revenue code. The tax-exempt status allows your contributions to be paid on a pre-tax basis. One of the requirements for tax exemption is that MCERA cannot pay more than is permitted under the Internal Revenue Code Section 415.

For General members, section 415 also includes an "early" benefit payment reduction. This reduction further limits the amount that General members, as defined by the IRC, may receive when retiring before the age of 60. You may or may not be affected by Section 415 limits. You will be notified if your retirement allowance will exceed the 415 limits.

Retirement Timeline (recommended but not required)

One Year Prior

- Use the Retirement Estimate Calculator or request a formal estimate to assess your monthly benefit.
- Research retirement information and the available options on the MCERA's website at www.co.merced.ca.us/retirement.
- Discuss your plans with your spouse.
- Attend a Brown Bag meeting.
- Complete and submit a Request to Purchase Service Credit form to MCERA, if applicable.
- Contact MCERA should you have a community property on your retirement benefits as you must provide MCERA a copy of the court order resolving the claim before you can receive benefits.

9 Months Before Retiring

- If you're also a member of another public retirement system in California, there are steps you need to take to ensure you receive all the benefits you deserve from each system. Contact each system to ensure retirement dates are coordinated.
- Research Social Security and Medicare options.
- If you have Social Security benefits coming later after retirement, you may increase your monthly MCERA pension income until age 62. Ask MCERA about a Social Security Modification.

6 Months Before Retiring

- If you have not done so already, request a formal estimate from MCERA by completing a Request for Estimate form.
- Review the retirement plan options available to ensure you have proper time to think about what alternative best suits your needs.
- Ensure you have a copy of your and your spouse's birth certificate or current passport, a marriage license or domestic partner registration (if applicable), and/or any court divorce decrees.

Two Months Prior

- Request an appointment to obtain an application packet (you will need to submit a copy of your birth certificate, beneficiary's birth certificate, and marriage certificate or domestic partnership registration).
- Check on unused vacation and sick leave.
- Contact County Risk Management/the Court and a tax advisor for advice on how to lessen tax burden on payoff amounts and to discuss any questions regarding health, dental and life insurance.
- Make an appointment with MCERA staff to discuss any other questions.
- Make an appointment with Risk Management if you are a County employee or the Court if you are a Court employee to discuss any questions regarding health, dental and life insurance.

Once You're Retired

- It's not until you've ended employment that the actual final number of sick/vacation hours are available. Once closing termination information is available from your employer, you will be requested to make your final formal selection of pension options based on the final salary information.
- Update your address or telephone as needed.
- Update your Tax Withholding Form if your deductions/life changes.
- Update your survivor information if your beneficiary passes away.

- Contact MCERA if you chose the temporary social security option and your allowance has not been reduced after age 62.
- Contact MCERA if you return to work as a permanent employee for an MCERA participating employer.

Post Retirement

- Update your address or telephone as needed.
- Update your Tax Withholding form if your deductions/life changes.
- Update your survivor information if your beneficiary passes away.
- Contact MCERA if you chose the temporary social security option and your allowance has not been reduced after age 62.
- Contact MCERA if you return to work as a permanent employee for an MCERA participating employer.

ONCE YOU'RE RETIRED

Employee Member Handbook

ONCE YOU'RE RETIRED

Retirement Allowance

You usually receive your first retirement payment 4-8 weeks after your retirement date. Although, it could take longer if you have established reciprocity or if documentation is not complete. Your first retirement check may be slightly higher than your actual retirement benefit as it usually includes any partial payments from the previous month.

Retirement benefits are paid the last working day of the month. For example, if you retire on December 7th, your first warrant will be January 31st (or the last working day before that, if the 31st falls on a weekend), assuming all the required forms have been submitted prior to submitting retirement payroll for the month of January.

Cost-of-Living Adjustments (COLAs)

Cost-of-living adjustments for Tier 1 members only are effective April 1st of each year and are included in monthly benefit payments thereafter. COLAs are applied to Tier 1 service retirements, disability benefits and death benefits. The maximum COLA that can be applied towards a member's allowance is 3% and so anything over 3% will be banked.

Banking COLA means taking anything over 3% and putting it in a reserve account. If COLA ever falls below 3% and a member has accumulated banked COLA, the accumulated banked COLA will be used and applied toward the COLA amount, not to exceed 3%. For example, if the COLA for a given year is 2% and you have accumulated bank COLA of 4% we will take 1% from your bank COLA reserve account and apply it to your total COLA for that year, which will increase it to 3%. This refers how a member draws on their COLA bank.

Deductions

Taxes

Generally, retirement benefits are taxable. However, in some cases, all or a portion of the benefit may be excludable from gross income for federal and/or state income taxes. You will need to talk to your accountant or other tax consultant on this subject; MCERA staff cannot provide tax advice.

Check your tax advisor to see if you need to adjust your withholding annually. You may change your tax withholding at any time. Contact the MCERA staff for the combined federal/state tax withholding form. You can also print this form from MCERA's website at www.co.merced.ca.us/retirement.

The 1099-Rs are sent annually, no later than January 31st of each year. This is one reason why it's important that MCERA is informed should you have an address change. If you do not receive yours within a reasonable amount of time after that date, contact the MCERA staff. Staff will provide you with a duplicate form. Also contact the MCERA staff if your 1099-R appears to be in error. The staff can work with you to resolve the matter and have a new 1099-R issued if necessary.

Health, Dental Life and Vision Insurance

The Risk Management Department (for County retirees) and the Court (for Court retirees) administer MCERA retirees' health, dental and life insurance. MCERA may deduct your monthly health, dental and life insurance premiums from your retirement benefit. All questions about retiree insurance programs, related costs, and requirements should be directed to Risk Management at 209-385-7356 or the Court at 209-725-4103.

VSP administers vision insurance for MCERA retirees. For information regarding vision coverage contact VSP at 1-800-400-4569.

Other Deductions

You can set up deductions to have part of your retirement benefit go towards a MERCO Credit Union account and to have a deduction go towards Retired Employees of Merced County (REMCO) dues.

Direct Deposit

You are required to sign up for direct deposit of your retirement benefit payment. You may change the bank where your benefit payment is deposited, at any time. Contact the MCERA staff for an "Authorization Agreement for Automatic Deposits." You can also print this form from MCERA's website at www.co.merced.ca.us/retirement.

Social Security Eligibility

Social Security Retirement Survivors, Medicare, and Disability benefits available under the Social Security Act are benefits provided by the Federal Government and are separate from contributions to and benefits from MCERA. You must contact the Social Security Administration for your personal benefit review. You can obtain more information through the official Social Security Administration's website at www.ssa.gov or by calling 1-800-72-1213. The local Social Security Administration office is located at 600 W Olive Avenue, in Merced.

Beneficiary

The retirement option selection you made when you retired is irrevocable – even if a divorce occurs after retirement. The law prohibits MCERA from allowing any retired member to change their beneficiary once the member retired. However, you may change your beneficiary if you selected Option 1. If your beneficiary predeceases you, your survivor will only receive the one-time death benefit payment (if applicable) and any contributions that are left on deposit, if any remain. Please notify MCERA if your beneficiary predeceases you even if your option does not allow you to change the beneficiary.

Your beneficiary will need to contact MCERA and notify our office of your death. Upon notification MCERA staff will verify that the beneficiary applying for benefits is as you designated and determine the amount payable, if any. The staff will send the appropriate forms and written advice to your beneficiary.

Continuing Health Care for Survivors

For information regarding your surviving spouse and minor dependents medical options after your death please contact Risk Management at 209-385-7356 if you are a County retiree or 209-725-4103 if you are a Court retiree.

Death Benefits after Retirement

Regardless of which payment option you selected, a lump-sum burial allowance of $3,000 will be paid to your beneficiary or estate. If you were a retiree with reciprocity, only one lump-sum burial allowance is payable, and it will be paid by the retirement system you were with last as an active member. Check with the reciprocal system to verify the lump-sum burial allowance amount that it will pay.

Your post-retirement death benefits depend on which payment option you chose and whom you designated as beneficiary for continuance of your retirement allowance:

Unmodified Option

- If you designated your eligible spouse/domestic partner as beneficiary, he or she will receive a lifetime monthly continuance that is 60% of the allowance you were receiving (or 100%, if you retired with a service-connected disability). When your spouse/domestic partner dies, payments will stop and no further benefits will be paid.
    - For your spouse/domestic partner to be eligible you must have been married or in a registered domestic partnership for at least one year before you retired.
- If you designated your unmarried minor children as beneficiaries, they may receive a monthly continuance that is 60% of the allowance you were receiving, divided among them (100% if you retired for a service-connected disability).
    - Your children will remain eligible until they marry or reach age 18 (or age 22 if they remain unmarried and enrolled as full-time students in an accredited school). When they cease to be eligible, payments will stop and no further benefits will be paid.
- If your beneficiary predeceases you, your survivor will only receive any contributions that are left on deposit, if any remain.
- If you designated someone other than a spouse, domestic partner or minor child as your beneficiary he/she will only receive any contributions that remain on deposit, if any remain.

Option 1

- Any unused member contributions will be paid to your beneficiary in a lump-sum upon your death. No further benefits will be paid.
- You may change your beneficiary at any time if you have elected this option.

Option 2

- Your beneficiary will receive 100% of the allowance you were receiving for his or her lifetime. When your beneficiary dies, payments will stop and no further benefits will be paid.
- If your beneficiary dies before you do, your survivor will only receive any contributions

that are left on deposit, if any remain.

- **IMPORTANT: If you designate a non-spouse beneficiary that has an age difference of 10 or more years younger than you, your beneficiary will be subject to IRS Regulation 401(a)(9) Required Minimum Distribution. This regulation mandates MCERA to reduce the beneficiary's annuity up to 53% of your annuity, depending on the age difference of you and your beneficiary at the time of your retirement.**

Option 3

- Your beneficiary will receive 50% of the allowance you were receiving for his or her lifetime. When your beneficiary dies, payments will stop and no further benefits will be paid.
- If your beneficiary pre-deceases you your survivor will only receive any contributions that are left on deposit, if any remain.

Option 4

- Your beneficiary will receive the percent specified of the allowance you were receiving for his/her or their lifetime. When your beneficiary(ies) dies, payments will stop and no further benefits will be paid.
- If all your beneficiaries pre-decease you, your survivor will only receive any contributions that are left on deposit, if any remain.
- **IMPORTANT: If you designate a non-spouse beneficiary that has an age difference of 10 or more years younger than you, your beneficiary will be subject to IRS Regulation 401(a)(9) Required Minimum Distribution. This regulation mandates MCERA to reduce the beneficiary's annuity up to 53% of your annuity, depending on the age difference of you and your beneficiary at the time of your retirement.**

Post-Retirement Employment

Post-retirement employment outside of MCERA with participating employers will not affect payment of your retirement allowance.

If you wish to work for any of the MCERA participating employers after you retire, you must follow IRS and PEPRA rules regarding a bona fide separation of employment between the date you retire and the date you return to work. For more information on this, please refer to IRS Normal Retirement Age and Distribution Limits as well as PEPRA.

Also, you cannot be paid for more than 960 hours per fiscal year for any post-retirement work you do for an MCERA participating employer and continue to receive monthly benefits. Exceeding 960 hours during a fiscal year can jeopardize your retirement benefits and may trigger employment reinstatement and possibly repayment of paid benefits during that fiscal year.

Note: If you retire on a disability you CANNOT return to work for an MCERA participating employer under any conditions including extra-help, unless California Government Code Section 31725.65 or 31730 apply. Please contact MCERA for more information.

If you return to work as a permanent employee with an MCERA participating employer, your monthly retirement benefit will be suspended. You must stop receiving your retirement allowance during the period you are working again. If you failed to notify MCERA immediately and as a result benefits have been paid to you during your permanent reemployment you will be liable for those over paid benefits. You must contact MCERA immediately after returning to work for an MCERA employer as a permanent employee.

If you return to work for an MCERA employer as a permanent employee, while you are working you will have retirement contributions deducted from your paychecks. Your contribution rate will be based on the same age as it was during your earlier employment, unless you took and retired under the early incentive to retire program (Golden Handshake). If you retired under the early incentive to retire program and return to work as a full-time employee for an MCERA employer your contribution rate will be based as if you were a new employee entering the system.

When you decide to retire again, payment of your retirement allowance will resume. The monthly amount will be recalculated to reflect any additional years of service credit you accumulated during your return to employment. If you first retired under the early incentive for retirement program, your retirement will be recalculated based on your previous retirement WITHOUT the additional years of retirement that the early incentive program provided you with.

For information on what happens to your retiree health insurance coverage, contact County Risk Management at 209-385-7356.

Normal Retirement Age (per IRS Regulations)

The Board of Retirement has adopted a policy defining normal retirement age as 50 for Safety employee members and as age 60 for General employee members. The policies also require that a "bona fide" separation from service must occur before any retired member who is younger than normal retirement age can be employed as a retiree by an MCERA employer. A bona fide separation from service is based on two factors:

- The absence of a predetermined arrangement to return to work with an MCERA employer.
- A minimum of 60 calendar day break in service from the date of retirement to the date post-retirement employment begins.

If you are a retiring Safety member, 50 years or older or a retiring General member, 60 years or older, these regulations do not apply to you.

For members who retire younger than "normal retirement age," the member must:

- Have a 60 calendar day separation from employment, and
- Not have any pre-determined arrangement with an MCERA employer for the member to return to work after retirement.

If a member who retires below normal retirement age returns to work without complying with conditions above, they will be asked to terminate employment within 30 days of notification by MCERA and may not return to work for 365 days or until they reach normal retirement age whichever occurs first. Members who fail to terminate employment may be subject to having retirement benefits terminated.

Post Retirement Public Employment Limitations

California Public Employees' Pension Reform ACT (PEPRA), effective 1/1/2013 places limits on post retirement public employment. A retired person who is receiving a pension benefit from a public retirement system shall not serve, be employed by, or be employed through a contract directly by, a public employer in the same public retirement system from which the retiree receives the benefit without reinstatement from retirement except:

- Upon appointment by the appointing power of a public employer either during an emergency to prevent stoppage of public business or because the retired person has skills needed to perform work of limited duration.
  - Appointments shall not exceed 960 hours per year total, for all employers in that public retirement system, based on a fiscal year.
  - The monthly rate of pay for the appointment shall not be less than the minimum nor greater than the maximum paid to other employees performing comparable duties, (to obtain an hourly rate divide the monthly amount by 173.33).
  - No service credit or retirement rights shall be acquired by the retiree unless he or she reinstates from retirement.
  - In no case is a retired person eligible for appointment if he or she received any unemployment insurance compensation arising out of prior employment during the 12-month period prior to an appointment.

Requirements for a 180 calendar day "sit-out" period before a retiree can return to work for a public agency (per PEPRA).

A retired person is not eligible to be employed for a period of 180 days (per PEPRA) following the date of retirement unless he or she meets one of the following criteria:

- The employer certifies that the appointment is necessary to fill a critically needed position before 180 days has passed ***and*** the appointment has been approved by the governing body of the employer in a public meeting and not on a consent calendar.
- If the retiree is a public safety officer or firefighter the 180 calendar day "sit-out" period does not apply.
- A retiree who accepted a retirement incentive (golden handshake or a cash incentive) is subject to the 180 calendar day requirement, without exception.

Note: Please contact MCERA for more information.

Life Events Changes

If you have questions about any situations that are not covered below, please contact the MCERA staff. Many of the forms mentioned below can also be printed from MCERA's website at www.co.merced.ca.us/retirement.

- Request for Change of Address
- Request for Change of Beneficiary
- Authorization Agreement for Automatic Deposits
- Combined Federal and State Tax Withholding Form
- Personal Information Changes or Family Changes
- Divorce
- Marriage

- Name Change
- Permanent Employment with an MCERA Employer
- Social Security Option
  - Please contact the MCERA office if you chose the Temporary Annuity for Retirees under Age 62 and your benefit has not been reduced after age 62. You will be liable for any excess payments.

DISABILITY RETIREMENT

Employee Member Handbook

DISABILITY RETIREMENT

If you become disabled during employment, you may be eligible for a disability retirement. For purposes of MCERA, “disabled” means that there is an inability to substantially perform the usual duties of a position. It is not necessary that the person be physically or mentally incapable of performing each and every duty or task that might arise within the job classification. A person’s incapacity is permanent if change for the better or worse is not to be reasonably anticipated under usual standards. Please refer to the Disability Handbook located at www.co.merced.ca.us/retirement for more information regarding the disability retirement process.

Types of Disability Retirements:

Service-Connected

The incapacity is a result of injury or disease arising out of and in the course of employment, the employment causation is “real and measurable” and the employment contributed substantially to the incapacity. For a service-connected disability, the monthly allowance is 50% of your final compensation earnable or the amount of your service retirement allowance, whichever is greater. For questions regarding taxation, you should consult with your tax advisor.

Nonservice-Connected

The incapacity is not related to your job. You must have at least five (5) years of service credit to be considered for a non-service connected disability retirement. (NOTE: Approved reciprocal service in a system with reciprocity counts toward these required five years). The benefit for non-service connected disability is based upon a formula not to exceed one-third of your final compensation or the amount of your service retirement allowance, whichever is greater.

Disability benefits are not necessarily lifetime benefits. The Board may require any disability benefit recipient under age 55 to undergo a medical examination. Upon the basis of the examination, the Board determines whether the disabled member is still incapacitated for service in the position of the MCERA-covered employer where the member was employed. If you are found no longer disabled, you may be placed on a re-employment list. If you are reemployed by the County or participating employer your disability retirement allowance will be discontinued. After age 55, disability retirement becomes a lifetime benefit.

Contact MCERA staff to request a disability retirement packet. This packet will contain copies of procedures, rules, and forms, some of which you will need to complete. Generally, your application must be submitted while you are still in service or within four months after you cease to be in service. An application may be filed on your behalf by your department head or by another person. In addition, the Board of Retirement may require that you undergo a medical examination at MCERA’s expense. This examination will be conducted by an independent medical examiner selected by the Board.

Service Retirement Pending a Disability Retirement

If you are eligible for a regular service retirement you may file an application regardless of whether you are disabled or not. Pending your disability retirement, you will receive a service retirement. If you are found disabled by the Board your retirement will be adjusted retroactive to the effective date of the disability retirement. If your disability application is denied and you were receiving a service retirement you may not return to your job. If it is not approved, you will remain a retiree—you may not cancel your service retirement

Action by the Board of Retirement

Your disability retirement hearing will not be open to the public. The Board will determine whether you are permanently incapacitated for performance of your assigned duties and whether your disability is service-connected or nonservice-connected. You will be notified in writing of the Board's decision.

If you disagree with the initial decision, you will have 15 calendar days from the decision date to seek a Formal Review. You may submit additional medical records, statements from co-workers or any other proof supporting your claimed disability. If your Formal Review is denied at the informal hearing and the formal hearing, you have 90 calendar days to file for judicial review in Superior Court.

Disability Process Timeline

The Board of Retirement generally will hold a hearing on your disability retirement application four to eight months after the application has been filed. You can expedite matters by submitting copies of all medical records, forms, letters, chart notes and/or test results from any medical facility that has treated or examined you. If the Board approves your application, your disability retirement allowance will be paid from the later of two dates: the date you filed your application or the last date for which you received compensation (including sick leave, vacation, and, for Safety members, California Labor Code Section 4850 compensation).

Lump-Sum Payment

If the Board determines that your incapacity is the result of alcohol or drug abuse, willful misconduct, or a violation of law and your contributions would have provided a retirement allowance of less than $240 a year, the Board has the option of paying you a lump-sum of your contributions plus interest, rather than a monthly disability payment.

Note: Disabled members will need to contact MCERA if they wish to return to work for any participating employer regardless of the employment type (Extra Help, Full Time, Independent Contract, etc). The conditions for which a member may return to work will be handled on a case by case basis.

LEGAL MATTERS

Employee Member Handbook

LEGAL MATTERS

MCERA Administration

The full legal name of the retirement system is the **Merced County Employees' Retirement Association**.

Employee Member Handbook

If there are any discrepancies between this information booklet description and the California Government Code, please be advised that the California Government Code is authoritative.

Confidentiality of Records

MCERA is required to protect the confidentiality of member records. Most information about your account cannot be provided to anyone else without your written consent, unless it is under a court-ordered action.

Garnishments

In general, your contributions on deposit with MCERA and your retirement benefits are not subject to garnishment or other attachment except as follows:

- A court may order MCERA to pay a portion of your retirement benefit to cover a judgment for spousal or child support.
- Your retirement benefits are subject to levy by the Internal Revenue Service for payment of delinquent federal income taxes.

In either case, this would not take place until after you had terminated employment or retired.

Power of Attorney

A power of attorney may include the designation of a representative to conduct your retirement affairs. Because all power of attorney forms are not the same, it is recommended that you consult with an attorney before signing any document of this type. A General or a Durable General Power of Attorney will usually enable your attorney-in-fact to perform duties such as address changes, federal and/or state tax withholding elections, endorsing checks and filing affidavits for lost retirement checks. Only a specialized type of power of attorney will allow the attorney-in-fact to select a retirement option or designate a beneficiary. You should give careful consideration to the powers you are granting.

Living Trusts and Beneficiary Changes

Under the existing Government Code, a living trust instrument cannot be designated as a "beneficiary" to receive a continuance. In the event of your death, if there are retirement funds existing, they will be distributed to your named beneficiary or to your estate only.

It is very important that you update your beneficiary status when and if any changes in your life occur (for example, divorce, death of a spouse, or a new marriage). You can get a "Request for

Change of Beneficiary" form from the MCERA website at www.co.merced.ca.us/retirement or you may contact the MCERA office to have a form sent to you.

Dissolution of Marriage

California is a community property state. Retirement plan benefits earned during marriage are community property, subject to division on dissolution of marriage. If you have not retired at the time of dissolution, the division of community property is delayed until the time benefits become payable at your retirement or termination.

If you divorce after you retire, you will have already selected a retirement payment option. The court can only order division of the monthly payments you receive. At your death, all payments will terminate. You are not allowed to change a beneficiary after you retire unless you chose an Option 1 or would like your one-time death benefit left to another person. A former spouse (not married to you at the time of death) does not qualify as a surviving spouse eligible to receive a monthly continuance benefit, by law. If you become involved in a marriage dissolution, contact MCERA staff for detailed information.

Joinder

Family Code Section 2060(b) states that an order or judgment in a dissolution or other family law proceeding is not enforceable against a pension plan unless the plan has been joined as a party to the proceeding. Therefore, MCERA MUST be joined as a party to divorce proceedings.

MCERA will also need an executed court judgment or a settlement agreement signed by the court judge dividing and awarding the pension interest of the non-member spouse. This court order is required by MCERA due to community property interest of the retiree's pension.

The Merced County Employees' Retirement Association is not legally responsible for making any pension payments or amounts ordered to the non-member spouse until actual receipt of such officially entered court order or judgment is received.

History of Merced County Retirement System

On July 1, 1950, the Board of Supervisors established a retirement system under the provisions of the "County Employees' Retirement Law of 1937" (CERL).

On January 1, 1956, after a referendum held among eligible County employees the system integrated with Social Security.

Benefit Levels

On November 14, 1971, Section 31676.11 of the Government Code was adopted by the Board of Supervisor's adding major improvements in benefits for retirement. This level of benefits was made applicable to Safety members on January 1, 1971.

- On July 1, 2002, Section 31676.14 improvements were adopted and made available to "A Level Managers" only.

- On March 15, 2005, Section 31676.17 was adopted for some General members.
- On July 1, 2005, Section 31664.1 was adopted for Safety members.
- On November 4, 2005, Section 31676.17 was adopted for employees of the Court.

Years of Compensation

- On April 1, 1971, the Board of Supervisors approved Section 31462.1 (Tier 1 members) defining final compensation as the average annual compensation earnable by a member during any one year elected by the member.
- On June 14, 1994, the Board of Supervisors approved Section 31462. (Tier 2 members) defining final compensation as the average annual compensation earnable by a member during any three consecutive years elected by a member.

Death Benefits

- On March 1, 1972, the Retirement Board authorized the payment of a $750.00 Death Benefit to all Retirees.
- On March 10, 1988, this benefit was increased to $1,000.00. Section 31789
- On May 2, 2006, this benefit was increased to $3,000.00. Section 31789.3

Retirement Age

- On November 14, 1971, the Board of Supervisors authorized Retirement for General members at age 50 after 10 years of service. Section 31672.1 (Tier 1 members)
- On June 14, 1994, the Board of Supervisors approved Retirement for General members at age 55 after 10 years of service. Section 31672 (Tier 2 members)

Cost of Living

On April 1, 1975, an annual Cost of living Adjustment (COLA) for retired members was adopted. This Adjustment is effective April 1 of each year in accordance with the Consumer Price Index. The current maximum increase in any year is 3%. Section 31870.1

Contribution Payments

- On July 4, 1977, the County began to pay 25% of the employees' Normal Contribution.
- On July 2, 1979, the County increased its payment to 37 ½%.
- On June 30, 1980, the County increased its payment to 50%.
- On March 15, 2005, the County stopped paying any part of the employee's Normal Contribution. Presently, the County and the employee each pay their full share of their contribution. Section 31581.1

Other Dates to Remember

- November 14, 1971 –31676.11 benefits adopted for Tier 1 General members
- September 20, 1993 – Probation Officers became Safety members
- June 14, 1994 – Tier 2 established for General members and Probation employees
- December 31, 1996 – MCMC Hospital Sold
- July 1, 1998 – Tier 2 established for Sheriff and Marshal employees
- August 11, 2000 - Settlement of Ventura 2 litigation
- July 1, 2000 – All “A Level Managers” brought into Tier 1
- March 15, 2005 – 31676.17 benefits adopted for Tier 1 and 2 General active members
- July 1, 2005 – 31664.1 benefits adopted for Tier 1 and 2 Safety Active members
- October 1, 2012 – 31676.1 benefits adopted for Tier 3 for General and 31664 benefits for Safety members
- January 1, 2013 – PEPRA legislation goes into effect and 7522.20 benefits adopted for Tier 4 for General and 7522.25 for Safety members.
- February 8, 2018 – Resolution 2018-01 established Tiers 2R for Courts and Cemetery District employees and 3R for County employees who are reciprocal and entering into MCERA system on or after February 8, 2018. Tier 2R and 3R members exclude vacation payout earnings as part of their retirement benefit calculation.

ESTIMATING YOUR RETIREMENT

Employee Member Handbook

ESTIMATING YOUR RETIREMENT

Receiving an MCERA Estimate

You may request an "official estimate" of your MCERA retirement benefits by completing an Estimate Request form. Estimate Request forms are available from the MCERA office. In early 2016, member will be able to generate an estimate online through MCERA's new pension administration software program. Please go to the MCERA website www.co.merced.ca.us/retirement for more details. If you submit an Estimate Request form to MCERA please allow two to four weeks for receipt of your official estimate and remember that the information provided in your "official estimate" is only an estimate of your benefit. Your actual benefits at retirement may vary due to changes in your salary or years of service.

Estimating Your Retirement Allowance

As you use this section, bear in mind that this will help you create an estimate, and not a calculation of your actual benefit. Your true benefit will depend on the particulars of your employment history at the time you retire. In addition, the California Government Code provisions governing the Retirement Plan, as well as the By-Laws and the Regulations governing MCERA, which may change between now and the time you retire. The information provided here will give you an estimate of the retirement allowance you might receive under the "Unmodified" Option only. You are welcome at any time to contact the MCERA office for a benefit estimate, or you can create your own estimate via the MCERA website at www.co.merced.ca.us/retirement.

How to Compute a Retirement Allowance Estimate

Retirement allowances are based on a percentage of average monthly salary for the last or highest paid year of service. This average monthly salary is called final compensation. Determine final compensation by adding the bi-weekly salary for the latest or highest 26 (Tier 1) or highest 78 (Tiers 2, 3 and 4) pay periods and dividing the sum by 12 (Tier 1) or 36 (Tiers 2, 3 and 4). For example:

The average monthly salary for a Tier 1 member is computed as follows:

Bi-weekly Salary		Pay Periods			
$1,156.80	x	10	=	$11,568.00	
$1,215.20	x	16	=	$19,443.20	
		26	=	$31,011.20	Average Yearly Salary

Average yearly salary / 12 = Average monthly salary
Example: $31,011.20 / 12 = $ 2,584.27

After computing the average salary, find the percentage that applies to the age and years of service at retirement as shown in the "Charts and Tables" section. This illustration uses to Table I. There is a separate Table for Safety members. A General member age 60 with 25 years of service has a factor of 75.00. Multiply the appropriate percentage times the average salary:
Average monthly salary X Factor = Monthly allowance
Example: $ 2,584.27 x 75% = $ 1,938.21

Due to social security integration members must then reduce their retirement allowances by the social security factors. The reduction is dependent on your age at retirement and the number of years of social security coverage you have in the County or district. An estimate of the reduced retirement allowance from the Retirement Association may be computed as follows:

1. Compute your unmodified service retirement allowance from the example on the above.
2. Determine the reduction factor for your age at retirement from the Reduction Factor Chart. Please refer to the "Charts and Table" section.
3. Determine your number of years of social security coverage as an employee of the County or district, generally, the number or years after January 1, 1956.
4. Multiply the reduction factor times your number of years with social security coverage to obtain the amount of reduction.
5. Subtract the amount of reduction from your unmodified allowance to determine your reduced retirement allowance.

Continuing with the example above, a General member who retired at age 60 with 25 years of service and had been covered by Social Security during the last 25 years of County employment computes the reduced retirement allowance as follows:

Unmodified Retirement Allowance	$1,938.21
Reduction, 25 years x $2.55 = 63.75	- 63.75
Reduced Unmodified Allowance	**$1,874.46**

Please see next page for a worksheet to assist you in estimating your retirement benefit allowance.

Note: Social Security benefits are in addition to the Retirement Association benefits

WORKSHEET

1. Compute Total Final Compensation Salary

Bi-Weekly Salary	X	No. of Pay Periods (26 Tier 1 or 78 Tier 2, 3, or 4)	Total
$	x		$
$	x		$
$	x		$
$	x		$
$	x		$
$	x		$
$	x		$
$	x		$
		Total Final Comp Salary	$

2. Compute Monthly Salary

Total Final Compensation Salary		$ ________
Divide by 12 if Tier 1 or 36 if Tier 2, 3 or 4	/	________
Total Monthly Average Salary		$ ________

3. Compute Monthly Allowance <u>Before</u> Social Security Reduction

Total Monthly Average Salary		$ ________
Multiply by Factor (Charts and Tables Section)	x	________
(Tier 4 General members insert 2.5% X Years of Service, Tier 4 Safety members insert 2.7% X Years of Service)		$
Monthly Allowance (Before Social Security Reduction)		________

4. Compute Social Security Reduction Amount

Reduction Factor (Charts and Tables Section)		$ ________
Multiply by Years of Service Credit	x	________
Total Social Security Reduction Amount		$ ________

5. Compute Monthly Allowance <u>After</u> Social Security Reduction

Monthly Allowance (Before Social Security Reduction)		$ ________
Subtract Total Social Security Reduction Amount	-	________
Estimated Monthly Retirement Benefit		$ ________

CHARTS AND TABLES

TABLES AND CHARTS

TABLE I
GENERAL MEMBERS - TIER 1 & 2
SECTION 31676.17
PERCENTAGE OF FINAL COMPENSATION

Years of Service	AGE 46	47	48	49	50	51	52	53	54	55	56	57	58	59	60 *NO CHANGE OF PERCENTAGE AFTER AGE 60	61	62	63	64	65
5					10.00	10.50	11.00	11.50	12.00	12.50	13.00	13.50	14.00	15.40	15.00	15.00	15.00	15.00	15.00	15.00
6					12.00	12.60	13.20	13.80	14.40	15.00	15.60	16.20	16.80	17.40	18.00	18.00	18.00	18.00	18.00	18.00
7					14.00	14.70	15.40	16.10	16.80	17.50	18.20	18.90	19.60	20.30	21.00	21.00	21.00	21.00	21.00	21.00
8					16.00	16.80	17.60	18.40	19.20	20.00	20.80	21.60	22.40	23.20	24.00	24.00	24.00	24.00	24.00	24.00
9					18.00	18.90	19.80	20.70	21.60	22.50	23.40	24.30	25.20	26.10	27.00	27.00	27.00	27.00	27.00	27.00
10					20.00	21.00	22.00	23.00	24.00	25.00	26.00	27.00	28.00	29.00	30.00	30.00	30.00	30.00	30.00	30.00
11					22.00	23.10	24.20	25.30	26.40	27.50	28.60	29.70	30.80	31.90	33.00	33.00	33.00	33.00	33.00	33.00
12					24.00	25.20	26.40	27.60	28.80	30.00	31.20	32.40	33.60	34.80	36.00	36.00	36.00	36.00	36.00	36.00
13					26.00	27.30	28.60	29.90	31.20	32.50	33.80	35.10	36.40	37.70	39.00	39.00	39.00	39.00	39.00	39.00
14					28.00	29.40	30.80	32.20	33.60	35.00	36.40	37.80	39.20	40.60	42.00	42.00	42.00	42.00	42.00	42.00
15					30.00	31.50	33.00	34.50	36.00	37.50	39.00	40.50	42.00	43.50	45.00	45.00	45.00	45.00	45.00	45.00
16					32.00	33.60	35.20	36.80	38.40	40.00	41.60	43.20	44.80	46.40	48.00	48.00	48.00	48.00	48.00	48.00
17					34.00	35.70	37.40	39.10	40.80	42.50	44.20	45.90	47.60	49.30	51.00	51.00	51.00	51.00	51.00	51.00
18					36.00	37.80	39.60	41.40	43.20	45.00	46.80	48.60	50.40	52.20	54.00	54.00	54.00	54.00	54.00	54.00
19					38.00	39.90	41.80	43.70	45.60	47.50	49.40	51.30	53.20	55.10	57.00	57.00	57.00	57.00	57.00	57.00
20					40.00	42.00	44.00	46.00	48.00	50.00	52.00	54.00	56.00	58.00	60.00	60.00	60.00	60.00	60.00	60.00
21					42.00	44.10	46.20	48.30	50.40	52.50	54.60	56.70	58.80	60.90	63.00	63.00	63.00	63.00	63.00	63.00
22					44.00	46.20	48.40	50.60	52.80	55.00	57.20	59.40	61.60	63.80	66.00	66.00	66.00	66.00	66.00	66.00
23					46.00	48.30	50.60	52.90	55.20	57.50	59.80	62.10	64.40	66.70	69.00	69.00	69.00	69.00	69.00	69.00
24					48.00	50.40	52.80	55.20	57.60	60.00	62.40	64.80	67.20	69.60	72.00	72.00	72.00	72.00	72.00	72.00
25					50.00	52.50	55.00	57.50	60.00	62.50	65.00	67.50	70.00	72.50	75.00	75.00	75.00	75.00	75.00	75.00
26					52.00	54.60	57.20	59.80	62.40	65.00	67.60	70.20	72.80	75.40	78.00	78.00	78.00	78.00	78.00	78.00
27					54.00	56.70	59.40	62.10	64.80	67.50	70.20	72.90	75.60	78.30	81.00	81.00	81.00	81.00	81.00	81.00
28					56.00	58.80	61.60	64.40	67.20	70.00	72.80	75.60	78.40	81.20	84.00	84.00	84.00	84.00	84.00	84.00
29					58.00	60.90	63.80	66.70	69.60	72.50	75.40	78.30	81.20	84.10	87.00	87.00	87.00	87.00	87.00	87.00
30					60.00	63.00	66.00	69.00	72.00	75.00	78.00	81.00	84.00	87.00	90.00	90.00	90.00	90.00	90.00	90.00
31					62.00	65.10	68.20	71.30	74.40	77.50	80.60	83.70	86.80	89.90	93.00	93.00	93.00	93.00	93.00	93.00
32					64.00	67.20	70.40	73.60	76.80	80.00	83.20	86.40	89.60	92.80	96.00	96.00	96.00	96.00	96.00	96.00
33					66.00	69.30	72.60	75.90	79.20	82.50	85.80	89.10	92.40	95.70	99.00	99.00	99.00	99.00	99.00	99.00
34					68.00	71.40	74.80	78.20	81.60	85.00	88.40	91.80	95.20	98.60	100.00	100.00	100.00	100.00	100.00	100.00
35						73.50	77.00	80.50	84.00	87.50	91.00	94.50	98.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
36							79.20	82.80	86.40	90.00	93.60	97.20	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
37								85.10	88.80	92.50	96.20	99.90	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
38									91.20	95.00	98.80	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
39										97.50	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	
40											100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00		
41												100.00	100.00	100.00	100.00	100.00	100.00			
42													100.00	100.00	100.00	100.00	100.00			
43														100.00	100.00	100.00				
44															100.00	100.00				
45																100.00				

TABLE II

GENERAL MEMBERS - TIER 1 - DEFERRED & OUTGOING RECIPROCITY

SECTION 31676.11

PERCENTAGE OF FINAL COMPENSATION

Years of	AGE *NO CHANGE OF PERCENTAGE AFTER AGE 65																			
Service	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65
10					12.42	13.14	13.91	14.75	15.67	16.67	17.41	18.41	19.48	20.61	21.82	22.68	23.54	24.40	25.26	26.11
11					13.66	14.45	15.30	16.23	17.24	18.33	19.15	20.25	21.42	22.67	24.00	24.95	25.89	26.84	27.78	28.72
12					14.90	15.77	16.69	17.70	18.80	20.00	20.89	22.10	23.37	24.73	26.19	27.22	28.25	29.28	30.31	31.34
13					16.15	17.08	18.08	19.18	20.37	21.67	22.63	23.94	25.32	26.79	28.37	29.48	30.60	31.72	32.83	33.95
14					17.39	18.40	19.47	20.65	21.94	23.33	24.38	25.78	27.27	28.85	30.55	31.75	32.95	34.16	35.36	36.56
15					18.63	19.71	20.87	22.13	23.51	25.00	26.12	27.62	29.22	30.91	32.73	34.02	35.31	36.60	37.88	39.17
16					19.87	21.02	22.26	23.60	25.07	26.67	27.86	29.46	31.16	32.97	34.91	36.29	37.66	39.04	40.41	41.78
17					21.11	22.34	23.65	25.08	26.64	28.33	29.60	31.30	33.11	35.03	37.10	38.56	40.01	41.47	42.93	44.39
18					22.36	23.65	25.04	26.55	28.31	30.00	31.34	33.14	35.06	37.09	39.28	40.82	42.37	43.91	45.46	47.00
19					23.60	24.97	26.43	28.03	29.77	31.67	33.08	34.99	37.01	39.16	41.46	43.09	44.72	46.35	47.98	49.62
20					24.84	26.28	27.82	29.50	31.34	33.33	34.82	36.83	38.95	41.22	43.64	45.36	47.08	48.79	50.51	52.23
21					26.08	27.59	29.21	30.98	32.91	35.00	36.56	38.67	40.90	43.28	45.83	47.63	49.43	51.23	53.04	54.84
22					27.32	28.91	30.61	32.45	34.47	36.67	38.31	40.51	42.85	45.34	48.01	49.90	51.78	53.67	55.56	57.45
23					28.57	30.22	31.99	33.93	36.04	38.33	40.05	42.35	44.80	47.40	50.19	52.16	54.14	56.11	58.09	60.06
24					29.81	31.54	33.28	35.40	37.61	40.00	41.79	44.19	46.74	49.46	52.37	54.43	56.49	58.55	60.61	62.67
25					31.05	32.85	34.78	36.88	39.18	41.67	43.53	46.03	48.69	51.52	54.55	56.70	58.85	60.99	63.14	65.28
26					32.29	34.16	36.17	38.35	40.74	43.33	45.27	47.87	50.64	53.58	56.74	58.97	61.20	63.43	65.66	67.89
27					33.53	35.48	37.56	39.83	42.31	45.00	47.01	49.72	52.59	55.64	58.92	61.24	63.55	65.87	68.19	70.51
28					34.78	36.79	38.95	41.30	43.88	46.67	48.75	51.56	54.53	57.70	61.10	63.50	65.91	68.31	70.71	73.12
29					36.02	38.11	40.34	42.78	45.44	48.33	50.49	53.40	56.48	59.76	63.28	65.77	68.26	70.75	73.24	75.72
30	29.78	31.56	33.40	35.28	37.27	39.41	41.73	44.25	47.00	50.00	52.23	55.24	58.43	61.82	65.47	68.04	70.61	73.19	75.78	78.33
31		32.63	34.52	36.46	38.51	40.72	43.12	45.73	48.56	51.67	53.98	57.08	60.38	63.89	67.65	70.31	72.97	75.64	78.30	80.94
32			35.63	37.63	39.75	42.04	44.51	47.20	50.13	53.33	55.72	58.92	62.33	65.95	69.83	72.58	75.32	78.08	80.83	83.55
33				38.81	41.00	43.35	45.90	48.68	51.69	55.00	57.46	60.76	64.27	68.01	72.01	74.84	77.68	80.52	83.36	86.16
34					42.24	44.66	47.29	50.15	53.26	56.67	59.20	62.61	66.22	70.07	74.19	77.71	80.04	82.96	85.88	88.77
35						45.98	48.68	51.63	54.83	58.33	60.94	64.45	68.17	72.13	76.37	79.38	82.39	84.50	88.41	91.39
36							50.08	53.10	56.39	60.00	62.68	66.29	70.12	74.19	78.55	81.64	84.74	87.84	90.94	93.99
37								54.57	57.96	61.67	64.42	68.13	72.06	76.25	80.73	83.91	87.10	90.28	93.46	96.61
38									59.53	63.33	66.16	69.97	74.01	78.31	82.92	86.18	89.45	92.72	95.99	
39										65.00	67.97	71.81	75.97	80.38	85.10	88.45	91.81	95.16	98.51	
40											69.95	73.65	77.92	82.44	87.28	90.72	94.16	97.60		
41												75.48	79.87	85.50	89.46	92.99	96.51			
42													81.82	86.56	91.64	95.25	98.87			
43														88.62	93.83	97.52				
44															96.01	99.79				
45																100.00				
46																				
47																				
48																				

TABLE III

GENERAL MEMBERS - TIER 2 - DEFERRED & OUTGOING RECIPROCITY

SECTION 31676.1

PERCENTAGE OF FINAL COMPENSATION

Years of	AGE *NO CHANGE OF PERCENTAGE AFTER AGE 65																	
Service	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65
10								14.92	15.63	16.41	17.25	18.16	19.16	19.91	20.91	21.97	23.10	24.32
11								16.41	17.20	18.05	18.97	19.98	21.08	21.90	23.00	24.17	25.41	26.75
12								17.90	18.76	19.69	20.70	21.79	23.00	23.89	25.09	26.37	27.73	29.18
13								19.40	20.32	21.33	22.42	23.61	24.91	25.88	27.18	28.56	30.04	31.61
14								20.89	21.89	22.97	24.15	25.43	26.83	27.87	29.27	30.76	32.35	34.05
15								22.38	23.45	24.61	25.87	27.24	28.75	29.86	31.37	32.96	34.66	36.48
16								23.87	25.01	26.25	27.60	29.06	30.66	31.85	33.46	35.16	36.97	38.91
17								25.36	26.58	27.89	29.32	30.88	32.58	33.84	35.55	37.36	39.28	41.34
18								26.86	28.14	29.53	31.05	32.69	34.50	35.84	37.64	39.55	41.59	43.77
19								28.35	29.70	31.17	32.77	34.51	36.41	37.83	39.73	41.75	43.90	46.21
20								29.84	31.27	32.82	34.50	36.33	38.33	39.82	41.82	43.95	46.21	48.64
21								31.33	32.83	34.46	36.22	38.14	40.25	41.81	43.91	46.15	48.52	51.07
22								32.83	34.40	36.10	37.95	39.96	42.16	43.80	46.00	48.34	50.83	53.50
23								34.32	35.96	37.74	39.67	41.77	44.08	45.79	48.10	50.54	53.14	55.93
24								35.81	37.52	39.38	41.40	43.59	46.00	47.78	50.19	52.74	55.46	58.37
25								37.30	39.09	41.02	43.12	45.41	47.91	49.77	52.28	54.94	57.77	60.80
26								38.80	40.65	42.66	44.85	47.22	49.83	51.77	54.37	57.13	60.08	63.23
27								40.29	42.21	44.30	46.57	49.04	51.75	53.76	56.46	59.33	62.39	65.66
28								41.78	43.78	45.94	48.30	50.86	53.66	55.75	58.55	61.53	64.70	68.10
29								43.27	45.34	47.58	50.02	52.67	55.58	57.74	60.64	63.73	67.01	70.53
30	31.92	33.66	35.45	37.28	39.08	40.90	42.78	44.77	46.91	49.23	51.75	54.49	57.50	59.73	62.74	65.93	69.32	72.96
31		34.78	36.63	38.52	40.38	42.26	44.20	46.26	48.47	50.87	53.47	56.31	59.41	61.72	64.83	68.12	71.63	75.39
32			37.81	39.77	41.68	43.63	45.63	47.75	50.03	52.51	55.20	58.12	61.33	63.71	66.92	70.32	73.94	77.82
33				41.01	42.98	44.99	47.05	49.24	51.60	54.15	56.92	59.94	63.25	65.70	69.01	75.52	76.25	80.26
34					44.29	46.35	48.48	50.73	53.16	55.79	58.65	61.76	65.16	67.69	71.10	74.72	78.56	82.69
35						47.72	49.91	52.23	54.72	57.43	60.37	63.57	67.08	69.69	73.19	76.91	80.87	85.12
36							51.33	53.72	56.29	59.07	62.10	65.39	69.00	71.68	75.28	79.11	83.19	87.55
37								55.21	57.85	60.71	63.82	67.21	70.91	73.67	77.37	81.31	85.50	89.99
38									59.41	62.35	65.55	69.02	72.83	75.66	79.47	83.51	87.81	92.42
39										63.99	67.27	70.84	74.75	77.65	81.56	85.70	90.12	94.85
40											69.00	72.66	76.66	79.64	83.65	87.90	92.43	97.28
41												74.47	78.58	81.63	85.74	90.10	94.74	99.71
42													80.50	83.62	87.83	92.30	97.05	100.00
43														85.62	89.92	94.49	99.36	100.00
44															92.01	96.69	100.00	100.00
45																98.89	100.00	100.00

TABLE IV
GENERAL MEMBERS - TIER 3
SECTION 31676.1
PERCENTAGE OF FINAL COMPENSATION

Years of	AGE *NO CHANGE OF PERCENTAGE AFTER AGE 65																	
Service	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65
10								14.92	15.63	16.41	17.25	18.16	19.16	19.91	20.91	21.97	23.10	24.32
11								16.41	17.20	18.05	18.97	19.98	21.08	21.90	23.00	24.17	25.41	26.75
12								17.90	18.76	19.69	20.70	21.79	23.00	23.89	25.09	26.37	27.73	29.18
13								19.40	20.32	21.33	22.42	23.61	24.91	25.88	27.18	28.56	30.04	31.61
14								20.89	21.89	22.97	24.15	25.43	26.83	27.87	29.27	30.76	32.35	34.05
15								22.38	23.45	24.61	25.87	27.24	28.75	29.86	31.37	32.96	34.66	36.48
16								23.87	25.01	26.25	27.60	29.06	30.66	31.85	33.46	35.16	36.97	38.91
17								25.36	26.58	27.89	29.32	30.88	32.58	33.84	35.55	37.36	39.28	41.34
18								26.86	28.14	29.53	31.05	32.69	34.50	35.84	37.64	39.55	41.59	43.77
19								28.35	29.70	31.17	32.77	34.51	36.41	37.83	39.73	41.75	43.90	46.21
20								29.84	31.27	32.82	34.50	36.33	38.33	39.82	41.82	43.95	46.21	48.64
21								31.33	32.83	34.46	36.22	38.14	40.25	41.81	43.91	46.15	48.52	51.07
22								32.83	34.40	36.10	37.95	39.96	42.16	43.80	46.00	48.34	50.83	53.50
23								34.32	35.96	37.74	39.67	41.77	44.08	45.79	48.10	50.54	53.14	55.93
24								35.81	37.52	39.38	41.40	43.59	46.00	47.78	50.19	52.74	55.46	58.37
25								37.30	39.09	41.02	43.12	45.41	47.91	49.77	52.28	54.94	57.77	60.80
26								38.80	40.65	42.66	44.85	47.22	49.83	51.77	54.37	57.13	60.08	63.23
27								40.29	42.21	44.30	46.57	49.04	51.75	53.76	56.46	59.33	62.39	65.66
28								41.78	43.78	45.94	48.30	50.86	53.66	55.75	58.55	61.53	64.70	68.10
29								43.27	45.34	47.58	50.02	52.67	55.58	57.74	60.64	63.73	67.01	70.53
30	31.92	33.66	35.45	37.28	39.08	40.90	42.78	44.77	46.91	49.23	51.75	54.49	57.50	59.73	62.74	65.93	69.32	72.96
31		34.78	36.63	38.52	40.38	42.26	44.20	46.26	48.47	50.87	53.47	56.31	59.41	61.72	64.83	68.12	71.63	75.39
32			37.81	39.77	41.68	43.63	45.63	47.75	50.03	52.51	55.20	58.12	61.33	63.71	66.92	70.32	73.94	77.82
33				41.01	42.98	44.99	47.05	49.24	51.60	54.15	56.92	59.94	63.25	65.70	69.01	75.52	76.25	80.26
34					44.29	46.35	48.48	50.73	53.16	55.79	58.65	61.76	65.16	67.69	71.10	74.72	78.56	82.69
35						47.72	49.91	52.23	54.72	57.43	60.37	63.57	67.08	69.69	73.19	76.91	80.87	85.12
36							51.33	53.72	56.29	59.07	62.10	65.39	69.00	71.68	75.28	79.11	83.19	87.55
37								55.21	57.85	60.71	63.82	67.21	70.91	73.67	77.37	81.31	85.50	89.99
38									59.41	62.35	65.55	69.02	72.83	75.66	79.47	83.51	87.81	92.42
39										63.99	67.27	70.84	74.75	77.65	81.56	85.70	90.12	94.85
40											69.00	72.66	76.66	79.64	83.65	87.90	92.43	97.28
41												74.47	78.58	81.63	85.74	90.10	94.74	99.71
42													80.50	83.62	87.83	92.30	97.05	100.00
43														85.62	89.92	94.49	99.36	100.00
44															92.01	96.69	100.00	100.00
45																98.89	100.00	100.00

TABLE V
GENERAL MEMBERS - TIER 4
SECTION 7522.20
PERCENTAGE OF FINAL COMPENSATION

Years of	AGE *NO CHANGE OF PERCENTAGE AFTER AGE 67															
Service	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67
5	5.00	5.50	6.00	6.50	7.00	7.50	8.00	8.50	9.00	9.50	10.00	10.50	11.00	11.50	12.00	12.50
6	6.00	6.60	7.20	7.80	8.40	9.00	9.60	10.20	10.80	11.40	12.00	12.60	13.20	13.80	14.40	15.00
7	7.00	7.70	8.40	9.10	9.80	10.50	11.20	11.90	12.60	13.30	14.00	14.70	15.40	16.10	16.80	17.50
8	8.00	8.80	9.60	10.40	11.20	12.00	12.80	13.60	14.40	15.20	16.00	16.80	17.60	18.40	19.20	20.00
9	9.00	9.90	10.80	11.70	12.60	13.50	14.40	15.30	16.20	17.10	18.00	18.90	19.80	20.70	21.60	22.50
10	10.00	11.00	12.00	13.00	14.00	15.00	16.00	17.00	18.00	19.00	20.00	21.00	22.00	23.00	24.00	25.00
11	11.00	12.10	13.20	14.30	15.40	16.50	17.60	18.70	19.80	20.90	22.00	23.10	24.20	25.30	26.40	27.50
12	12.00	13.20	14.40	15.60	16.80	18.00	19.20	20.40	21.60	22.80	24.00	25.20	26.40	27.60	28.80	30.00
13	13.00	14.30	15.60	16.90	18.20	19.50	20.80	22.10	23.40	24.70	26.00	27.30	28.60	29.90	31.20	32.50
14	14.00	15.40	16.80	18.20	19.60	21.00	22.40	23.80	25.20	26.60	28.00	29.40	30.80	32.20	33.60	35.00
15	15.00	16.50	18.00	19.50	21.00	22.50	24.00	25.50	27.00	28.50	30.00	31.50	33.00	34.50	36.00	37.50
16	16.00	17.60	19.20	20.80	22.40	24.00	25.60	27.20	28.80	30.40	32.00	33.60	35.20	36.80	38.40	40.00
17	17.00	18.70	20.40	22.10	23.80	25.50	27.20	28.90	30.60	32.30	34.00	35.70	37.40	39.10	40.80	42.50
18	18.00	19.80	21.60	23.40	25.20	27.00	28.80	30.60	32.40	34.20	36.00	37.80	39.60	41.40	43.20	45.00
19	19.00	20.90	22.80	24.70	26.60	28.50	30.40	32.30	34.20	36.10	38.00	39.90	41.80	43.70	45.60	47.50
20	20.00	22.00	24.00	26.00	28.00	30.00	32.00	34.00	36.00	38.00	40.00	42.00	44.00	46.00	48.00	50.00
21	21.00	23.10	25.20	27.30	29.40	31.50	33.60	35.70	37.80	39.90	42.00	44.10	46.20	48.30	50.40	52.50
22	22.00	24.20	26.40	28.60	30.80	33.00	35.20	37.40	39.60	41.80	44.00	46.20	48.40	50.60	52.80	55.00
23	23.00	25.30	27.60	29.90	32.20	34.50	36.80	39.10	41.40	43.70	46.00	48.30	50.60	52.90	55.20	57.50
24	24.00	26.40	28.80	31.20	33.60	36.00	38.40	40.80	43.20	45.60	48.00	50.40	52.80	55.20	57.60	60.00
25	25.00	27.50	30.00	32.50	35.00	37.50	40.00	42.50	45.00	47.50	50.00	52.50	55.00	57.50	60.00	62.50
26	26.00	28.60	31.20	33.80	36.40	39.00	41.60	44.20	46.80	49.40	52.00	54.60	57.20	59.80	62.40	65.00
27	27.00	29.70	32.40	35.10	37.80	40.50	43.20	45.90	48.60	51.30	54.00	56.70	59.40	62.10	64.80	67.50
28	28.00	30.80	33.60	36.40	39.20	42.00	44.80	47.60	50.40	53.20	56.00	58.80	61.60	64.40	67.20	70.00
29	29.00	31.90	34.80	37.70	40.60	43.50	46.40	49.30	52.20	55.10	58.00	60.90	63.80	66.70	69.60	72.50
30	30.00	33.00	36.00	39.00	42.00	45.00	48.00	51.00	54.00	57.00	60.00	63.00	66.00	69.00	72.00	75.00
31	31.00	34.10	37.20	40.30	43.40	46.50	49.60	52.70	55.80	58.90	62.00	65.10	68.20	71.30	74.40	77.50
32	32.00	35.20	38.40	41.60	44.80	48.00	51.20	54.40	57.60	60.80	64.00	67.20	70.40	73.60	76.80	80.00
33	33.00	36.30	39.60	42.90	46.20	49.50	52.80	56.10	59.40	62.70	66.00	69.30	72.60	75.90	79.20	82.50
34	34.00	37.40	40.80	44.20	47.60	51.00	54.40	57.80	61.20	64.60	68.00	71.40	74.80	78.20	81.60	85.00
35		38.50	42.00	45.50	49.00	52.50	56.00	59.50	63.00	66.50	70.00	73.50	77.00	80.50	84.00	87.50
36			43.20	46.80	50.40	54.00	57.60	61.20	64.80	68.40	72.00	75.60	79.20	82.80	86.40	90.00
37				48.10	51.80	55.50	59.20	62.90	66.60	70.30	74.00	77.70	81.40	85.10	88.80	92.50
38					53.20	57.00	60.80	64.60	68.40	72.20	76.00	79.80	83.60	87.40	91.20	95.00
39						58.50	62.40	66.30	70.20	74.10	78.00	81.90	85.80	89.70	93.60	97.50
40							64.00	68.00	72.00	76.00	80.00	84.00	88.00	92.00	96.00	100.00
41								69.70	73.80	77.90	82.00	86.10	90.20	94.30	98.40	100.00
42									75.60	79.80	84.00	88.20	92.40	96.60	100.00	100.00
43										81.70	86.00	90.30	94.60	98.90	100.00	100.00
44											88.00	92.40	96.80	100.00	100.00	100.00
45												94.50	99.00	100.00	100.00	100.00
46													100.00	100.00	100.00	100.00
47														100.00	100.00	100.00

TABLE VI
SAFETY MEMBERS - TIER 1 & 2
SECTION 31664.1
PERCENTAGE OF FINAL COMPENSATION
AGE NO CHANGE OF P ERCENTAGE AFTER 50

Years Of Servic	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55
5										15.00	15.00	15.00	15.00	15.00	15.00
6										18.00	18.00	18.00	18.00	18.00	18.00
7										21.00	21.00	21.00	21.00	21.00	21.00
8										24.00	24.00	24.00	24.00	24.00	24.00
9										27.00	27.00	27.00	27.00	27.00	27.00
10										30.00	30.00	30.00	30.00	30.00	30.00
11										33.00	33.00	33.00	33.00	33.00	33.00
12										36.00	36.00	36.00	36.00	36.00	36.00
13										39.00	39.00	39.00	39.00	39.00	39.00
14										42.00	42.00	42.00	42.00	42.00	42.00
15										45.00	45.00	45.00	45.00	45.00	45.00
16										48.00	48.00	48.00	48.00	48.00	48.00
17										51.00	51.00	51.00	51.00	51.00	51.00
18										54.00	54.00	54.00	54.00	54.00	54.00
19										57.00	57.00	57.00	57.00	57.00	57.00
20	37.55	39.75	42.02	44.38	46.83	49.36	52.07	54.51	57.13	60.00	60.00	60.00	60.00	60.00	60.00
21	39.42	41.74	44.12	46.60	49.17	51.82	54.67	57.24	59.99	63.00	63.00	63.00	63.00	63.00	63.00
22	41.30	43.72	46.23	48.82	51.51	54.29	57.27	59.96	62.84	66.00	66.00	66.00	66.00	66.00	66.00
23	43.18	45.71	48.33	51.04	53.85	56.76	59.88	62.69	65.70	69.00	69.00	69.00	69.00	69.00	69.00
24	45.06	47.70	50.43	53.26	56.20	59.23	62.48	65.41	68.56	72.00	72.00	72.00	72.00	72.00	72.00
25	46.93	49.69	52.53	55.48	58.54	61.69	65.08	68.14	71.41	75.00	75.00	75.00	75.00	75.00	75.00
26	48.81	51.67	54.63	57.70	60.88	64.16	67.69	70.86	74.27	78.00	78.00	78.00	78.00	78.00	78.00
27	50.69	53.66	58.73	59.92	63.22	66.63	70.29	73.59	77.13	81.00	81.00	81.00	81.00	81.00	81.00
28	52.57	55.65	58.83	62.13	65.56	69.10	72.89	76.31	79.98	84.00	84.00	84.00	84.00	84.00	84.00
29	54.44	57.84	60.93	64.35	67.90	71.57	75.50	79.04	82.84	87.00	87.00	87.00	87.00	87.00	87.00
30	56.32	59.62	63.04	66.57	70.24	74.03	78.10	81.78	85.70	90.00	90.00	90.00	90.00	90.00	90.00
31	58.20	61.61	65.14	68.79	72.59	76.50	80.70	84.49	88.55	93.00	93.00	93.00	93.00	93.00	93.00
32	60.08	63.60	67.24	71.01	74.93	78.97	83.31	87.22	91.41	96.00	96.00	96.00	96.00	96.00	96.00
33	61.95	65.59	69.34	73.23	77.27	81.44	85.91	89.94	94.27	99.00	99.00	99.00	99.00	99.00	99.00
34										100.00	100.00	100.00	100.00	100.00	100.00
35											100.00	100.00	100.00	100.00	100.00
36												100.00	100.00	100.00	100.00
37													100.00	100.00	100.00
38														100.00	100.00
39															100.00
40															

TABLE VII
SAFETY MEMBERS - TIER 1 & 2- DEFERRED & OUTGOING RECIPROCITY
SECTION 31664
PERCENTAGE OF FINAL COMPENSATION

Years of	AGE *NO CHANGE OF PERCENTAGE AFTER AGE 55													
Service	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55
10										20.00	21.03	22.16	23.38	24.67	26.20
11										22.00	23.14	24.37	25.72	27.14	28.82
12										24.00	25.24	26.69	28.06	29.61	31.44
13										26.00	27.34	28.80	30.40	32.07	34.06
14										28.00	29.44	31.02	32.74	34.54	36.68
15										30.00	31.55	33.23	35.08	37.01	39.30
16										32.00	33.65	35.45	37.41	39.48	41.92
17										34.00	35.75	37.67	39.75	41.94	44.54
18										36.00	37.86	39.88	42.09	44.41	47.16
19										38.00	39.96	42.10	44.43	46.88	49.78
20	25.03	26.50	28.01	29.58	31.22	32.90	34.71	36.34	38.08	40.00	42.06	44.31	46.77	49.34	52.40
21		27.82	29.41	31.06	32.78	34.54	36.44	38.15	39.99	42.00	44.17	46.53	49.11	51.81	55.02
22			30.08	32.54	34.34	36.19	38.18	39.97	41.89	44.00	46.27	48.74	51.44	54.28	57.64
23				34.02	35.90	37.83	39.91	41.79	43.80	46.00	48.37	50.96	53.78	56.75	60.26
24					37.46	39.48	41.65	43.60	45.70	48.00	50.48	53.17	56.12	59.21	62.88
25						41.13	43.39	45.43	47.61	50.00	52.58	55.39	58.46	61.68	65.50
26							45.13	47.24	49.51	52.00	54.68	57.61	60.80	64.15	68.11
27								49.06	51.42	54.00	56.79	59.82	63.14	66.61	70.73
28									53.32	56.00	58.89	62.04	65.48	69.08	73.35
29										58.00	60.99	64.25	67.81	71.55	75.98
30										60.00	63.10	66.47	70.15	74.02	78.60
31										62.00	65.20	68.68	72.49	76.48	81.22
32										64.00	67.30	70.90	74.83	78.94	83.84
33										66.00	69.41	73.11	77.15	81.41	86.46
34										68.00	71.51	75.34	79.49	83.88	89.08
35											73.61	77.56	81.83	86.34	91.70
36												79.78	84.17	88.81	94.32
37													86.50	91.28	96.94
38														93.75	99.56
39														96.21	100.00

TABLE VIII
SAFETY MEMBERS - TIER 3
SECTION 31664
PERCENTAGE OF FINAL COMPENSATION

Years of						AGE *NO CHANGE OF PERCENTAGE AFTER AGE 55									
Service	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55
10										20.00	21.03	22.16	23.38	24.67	26.20
11										22.00	23.14	24.37	25.72	27.14	28.82
12										24.00	25.24	26.69	28.06	29.61	31.44
13										26.00	27.34	28.80	30.40	32.07	34.06
14										28.00	29.44	31.02	32.74	34.54	36.68
15										30.00	31.55	33.23	35.08	37.01	39.30
16										32.00	33.65	35.45	37.41	39.48	41.92
17										34.00	35.75	37.67	39.75	41.94	44.54
18										36.00	37.86	39.88	42.09	44.41	47.16
19										38.00	39.96	42.10	44.43	46.88	49.78
20	25.03	26.50	28.01	29.58	31.22	32.90	34.71	36.34	38.08	40.00	42.06	44.31	46.77	49.34	52.40
21		27.82	29.41	31.06	32.78	34.54	36.44	38.15	39.99	42.00	44.17	46.53	49.11	51.81	55.02
22			30.08	32.54	34.34	36.19	38.18	39.97	41.89	44.00	46.27	48.74	51.44	54.28	57.64
23				34.02	35.90	37.83	39.91	41.79	43.80	46.00	48.37	50.96	53.78	56.75	60.26
24					37.46	39.48	41.65	43.60	45.70	48.00	50.48	53.17	56.12	59.21	62.88
25						41.13	43.39	45.43	47.61	50.00	52.58	55.39	58.46	61.68	65.50
26							45.13	47.24	49.51	52.00	54.68	57.61	60.80	64.15	68.11
27								49.06	51.42	54.00	56.79	59.82	63.14	66.61	70.73
28									53.32	56.00	58.89	62.04	65.48	69.08	73.35
29										58.00	60.99	64.25	67.81	71.55	75.98
30										60.00	63.10	66.47	70.15	74.02	78.60
31										62.00	65.20	68.68	72.49	76.48	81.22
32										64.00	67.30	70.90	74.83	78.94	83.84
33										66.00	69.41	73.11	77.15	81.41	86.46
34										68.00	71.51	75.34	79.49	83.88	89.08
35											73.61	77.56	81.83	86.34	91.70
36												79.78	84.17	88.81	94.32
37													86.50	91.28	96.94
38														93.75	99.56
39														96.21	100.00

TABLE IX								
SAFETY MEMBERS - TIER 4								
SECTION 7522.25								
PERCENTAGE OF FINAL COMPENSATION								
Years of	AGE *NO CHANGE OF PERCENTAGE AFTER AGE 57							
Service	50	51	52	53	54	55	56	57
5	10.00	10.50	11.00	11.50	12.00	12.50	13.00	13.50
6	12.00	12.60	13.20	13.80	14.40	15.00	15.60	16.20
7	14.00	14.70	15.40	16.10	16.80	17.50	18.20	18.90
8	16.00	16.80	17.60	18.40	19.20	20.00	20.80	21.60
9	18.00	18.90	19.80	20.70	21.60	22.50	23.40	24.30
10	20.00	21.00	22.00	23.00	24.00	25.00	26.00	27.00
11	22.00	23.10	24.20	25.30	26.40	27.50	28.60	29.70
12	24.00	25.20	26.40	27.60	28.80	30.00	31.20	32.40
13	26.00	27.30	28.60	29.90	31.20	32.50	33.80	35.10
14	28.00	29.40	30.80	32.20	33.60	35.00	36.40	37.80
15	30.00	31.50	33.00	34.50	36.00	37.50	39.00	40.50
16	32.00	33.60	35.20	36.80	38.40	40.00	41.60	43.20
17	34.00	35.70	37.40	39.10	40.80	42.50	44.20	45.90
18	36.00	37.80	39.60	41.40	43.20	45.00	46.80	48.60
19	38.00	39.90	41.80	43.70	45.60	47.50	49.40	51.30
20	40.00	42.00	44.00	46.00	48.00	50.00	52.00	54.00
21	42.00	44.10	46.20	48.30	50.40	52.50	54.60	56.70
22	44.00	46.20	48.40	50.60	52.80	55.00	57.20	59.40
23	46.00	48.30	50.60	52.90	55.20	57.50	59.80	62.10
24	48.00	50.40	52.80	55.20	57.60	60.00	62.40	64.80
25	50.00	52.50	55.00	57.50	60.00	62.50	65.00	67.50
26	52.00	54.60	57.20	59.80	62.40	65.00	67.60	70.20
27	54.00	56.70	59.40	62.10	64.80	67.50	70.20	72.90
28	56.00	58.80	61.60	64.40	67.20	70.00	72.80	75.60
29	58.00	60.90	63.80	66.70	69.60	72.50	75.40	78.30
30	60.00	63.00	66.00	69.00	72.00	75.00	78.00	81.00
31	62.00	65.10	68.20	71.30	74.40	77.50	80.60	83.70
32	64.00	67.20	70.40	73.60	76.80	80.00	83.20	86.40
33		69.30	72.60	75.90	79.20	82.50	85.80	89.10
34			74.80	78.20	81.60	85.00	88.40	91.80
35				80.50	84.00	87.50	91.00	94.50
36					86.40	90.00	93.60	97.20
37						92.50	96.20	99.90
38							98.80	100.00
39								100.00

Reduction Factors for Retirement Allowances of Members Covered Under Social Security

Age at Retirement	General Member Reduction	Safety Member Reduction
46	$ 1.158	$ 1.919
47	1.228	2.025
48	1.299	2.120
49	1.372	2.222
50	1.450	2.333
51	1.530	2.454
52	1.620	2.585
53	1.720	2.728
54	1.830	2.878
55	1.940	3.056
56	2.030	3.056
57	2.150	3.056
58	2.270	3.056
59	2.400	3.056
60	2.550	3.056
61	2.650	3.056
62	2.750	3.056
63	2.850	3.056
64	2.950	3.056
65	3.050	3.056

Multiply the amount opposite your age times your years of service credit. Subtract this amount from your calculation to arrive at your monthly retirement allowance if you are integrated with Social Security.

DEFINITION OF TERMS

Employee Member Handbook

DEFINITIONS OF TERMS

’37 Act – The County Employees’ Retirement Law of 1937–better known as the ‘37 Act– is a body of law enacted to govern retirement benefits for certain public employees. MCERA is one of 20 county retirement systems in California subject to the provisions of the ‘37 Act.

Active Member – Member who is currently working for the employer, and participating in MCERA membership.

Actuary – Licensed retirement plan designer and consultant.

Age Factor – This is the age used in determining retirement allowances. There are maximum ages for both membership types. Working beyond a maximum age will not provide you with any further age benefit, but you will continue to add to your retirement allowance by adding to your service credit and, possibly, achieving a higher final earnable compensation. The maximum age for Safety members is 50; for General members, it is age 60.

Annuity – A series of payments (retirement benefits) derived from your contributions and interest for a specific period of time such as a number of years or for life.

Beneficiary – Person(s) you name to receive lump-sum distribution and/or monthly continuance (if eligible) upon your death. If no beneficiary is named or if the beneficiary is no longer living, the beneficiary will be your surviving: 1. Legal spouse or registered domestic partner 2. Minor children, or if none, 3 Estate

Benefits – Payments such as monthly retirement payments, disability payments or lump-sum payments. Beneficiary designations are subject to modification by court order.

COLA – A Cost-of-Living Adjustment (COLA) is the annual percentage increase in a member’s monthly retirement. It is up to the Board of Retirement to award a COLA (up to 3%) annually based on the movement of a local region Consumer Price Index (CPI). Cost-of-living adjustments are for Tier 1 members only are effective April 1st of each year and are included in monthly benefit payments thereafter.

Consumer Price Index (CPI) – An indicator of the cost of living published by the Bureau of Labor Statistics, U.S. Department of Labor. It is an indicator of the changing purchasing power of the dollar.

Contributions:

Employee – Money deducted from your pay and credited to your retirement account.

Employer – Contributions made by your employer on behalf of MCERA members, in total, to finance all MCERA benefits.

Deductions – Money taken out of your active employee pay or retirement warrant.

Deferred Reciprocal Member – A contributory member who elected to defer his retirement and entered employment covered by a reciprocal retirement system within six months of termination from County, Court or District MCERA-covered employment.

Deferred Retirement – As a vested member, you may leave your retirement accumulations, if any, on deposit with MCERA and elect to retire at a later date.

Disability Retirement – For purposes of the Retirement Plan, "disabled" means that you are "permanently incapacitated of the performance of duty."

- **Service-Connected Disability –** The disability is a result of injury or illness arising out of and in the course of employment.

- **Nonservice-Connected Disability –** The disability is not related to your job. NOTE: You must have at least five years of service credit to be considered for non-service connected disability retirement benefits.

Domestic Partnership – A State-registered committed partnership between same sex couples or opposite sex couples where one partner is age 62 or over. While registration is not the same as marriage, it does secure many important rights and responsibilities. MCERA recognizes registered domestic partners as eligible beneficiaries if they meet the required criteria.

Domestic Relations Order (DRO) – A legal judgment, decree or order that acknowledges the right of a former spouse to a community property interest in the retirement benefits.

Earnable Compensation – Your base pay, plus any other payable items (per your MOU) such as uniform allowance, shift differential, etc. This does not include overtime hours.

Eligible Beneficiary – This is a person that you name in writing to receive certain benefits provided by the plan upon your death.

Eligible Child – Your child (or children, if applicable) that is unmarried and under the age of 18, or under the age of 22 if an unmarried, full-time student.

Eligible Domestic Partner – The same-sex partner to whom you are legally registered. Or, it could be your opposite-sex partner over the age of 62 to whom you are legally registered. For purposes of receiving a benefit, the term is defined differently depending on the situation.

Eligible Spouse – The person to whom you are legally married. For purposes of receiving a benefit, the term is defined differently depending on the situation.

Entry Age – Age you joined/rejoined MCERA based of closest birthday.

Final Compensation Earnable – Average monthly compensation earnable for the 12 or 36 consecutive months of your highest compensation. (It is called "final" because normally it is a member's last 12 or 36 months of compensation earnable, but an earlier period's compensation earnable could be used if it is higher).

General Member – You are a General member (which is equivalent to a General member) if you do any work for an employer other than active law enforcement or probation officer.

Insurable Interest – An insurable interest is defined in California Insurance Code Section 10110 and 10110.1 (a) as follows: Every person has an insurable interest in the life and health of: a) Himself; b) Any person on whom he depends wholly or in part for an education or support; c) Any person under a legal obligation to him for the payment of money or respecting property or services, of which death or illness might delay or prevent the performance; d) Any person upon whose life any estate or interest vested in him depends.

MCERA – Merced County Employees' Retirement Association.

Member Statement – An annual account notice sent to your mailing address that provides Active, Deferred Vested and Deferred Reciprocal members with a current balance in your retirement account.

General Member – You are a General member (which is equivalent to a General member) if you do any work for an employer other than active law enforcement or probation officer.

Prior Public Agency Service (PPAS) – Prior service in a public agency such as federal civil service, military service and some public employers in California. NOTE: This service is not purchasable if you are entitled to receive a pension or retirement benefit for it.

Reciprocal – Referring to the shared relationship/membership in two or more California public retirement plans that enhances benefits and "links" them together. See also "reciprocity."

Reciprocity – An agreement between MCERA and another California public retirement system that allows you to receive retirement benefits from both, under certain circumstances and requirements.

Redeposit – Paying back of money and related interest that was previously withdrawn from your Retirement Plan account to restore service credit.

Retirement Date – The first date for which retirement income is payable to you and the date when your retirement election becomes irrevocable.

Safety Member – You are a Safety member if you are employed in active law enforcement or if you are a probation officer.

Service Credit – Credit you earn over time as an MCERA member. It is expressed as years and/or portions of a year. For members that are variable shift employees, a proportionate amount of credit is earned. For calculation purposes, MCERA uses 2,080 hours as the measure of one (1) year of service credit.

Survivor Benefits – Those benefits that are payable to a member's eligible spouse, registered domestic partner or children upon your death.

Vested – Members are considered "vested" or eligible to receive a future benefit after achieving five years of service credit.