



Retirement Planning



TOPICS COVERED

Types of retirement plans

Importance of a Pension Plan

Understanding the Tiers and Formulas

Maximizing Your Retirement Benefit

Required Documentation and Getting Ready

Retirement Options

Life as a Retiree

Take aways



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MercedCERA Retirement Plan



MercedCERA DEFINED BENEFIT PLAN

- A plan guarantees a specific monthly payment in retirement based on factors like final average salary, age at retirement and years of service, placing the investment risk and funding responsibility entirely on the employer
- Governed by the County Employees Retirement Law of 1937
- Lifetime Benefit
- Benefits are determined by a formula NOT by member's account balance
- Social Security benefits are separate from MercedCERA benefits



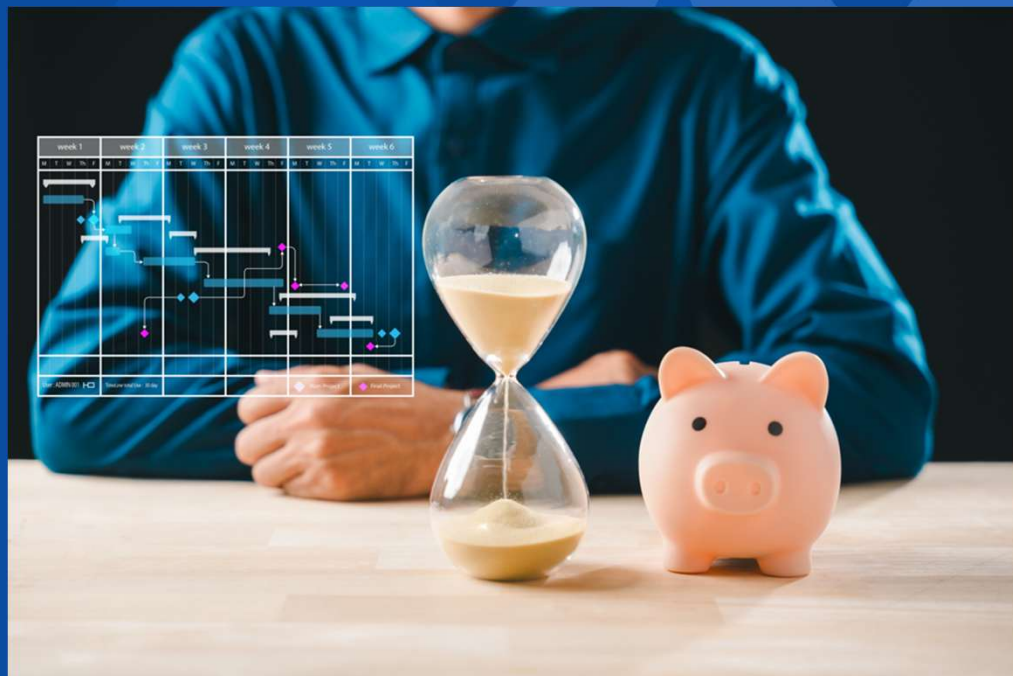
PENSION TIMELINE



- Pension Plan- 3- Legged stool=
 - Pension
 - Investment/ Personal Savings
 - Social Security
- Pension- Provides reliable guaranteed, lifelong monthly income in retirement without market risk
- Survivor Continuance- Depending on the option & beneficiary chosen at retirement, may leave a lifetime continuance upon the death of the member
- Vesting- Must have completed 10,400 hours or 5 years of service credit

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Retirement Tiers and Formulas



SERVICE RETIREMENT FORMULA FACTORS

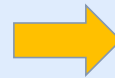
- Age at retirement
- Amount of service credit
- Final Average Salary (FAS) /
Final Average Compensation (FAC)
- You will receive a percent of your final average compensation for every year of service depending on your age. The maximum percent will depend on your tier formula.



RETIREMENT TIERS AND FORMULAS

Tier 1

- Hire Dates
 - General : Prior to June 13, 1994
 - Safety : Prior to July 1, 1998
- Minimum Retirement Age



Formula

- Age at retirement
- Amount of Service Credit
- Final Average Salary (FAS)-
 - Highest 26 consecutive pay periods, 1 year average
- Formula – maxes out
 - 3% age 60 for General
 - 3% age 50 for Safety
- Cost of Living Adjustment (COLA) 0-3% max yearly applied in April, with 3% max

General:	50 with 10 years of service	Any age with 30 years of service	70 regardless of years of service
Safety:	50 with 10 years of service	Any age with 20 years of service	70 regardless of years of service

RETIREMENT TIERS AND FORMULAS

Tier 2

- Hire Dates
 - General : between June 14, 1994- September 30, 2012
 - Safety : between July 1, 1998 – September 30, 2012
- Minimum Retirement Age



Formula

- Age at retirement
- Amount of Service Credit
- Final Average Salary (FAS)-
 - Highest 78 consecutive pay periods, 3- year average
- Formula –maxes out
 - 3% age 60 for General
 - 3% age 50 for Safety

General:	55 with 10 years of service	Any age with 30 years of service	70 regardless of years of service
Safety:	50 with 10 years of service	Any age with 20 years of service	70 regardless of years of service

RETIREMENT TIERS AND FORMULAS

Tier 3

- Hire Dates
 - General and Safety : between October 1, 2012- December 31, 2012
 - Reciprocal members: Hired after January 1, 2013 & membership date w/reciprocal system is before January 1, 2013
- Minimum Retirement Age



Formula

- Age at retirement
- Amount of Service Credit
- Final Average Salary (FAS)-
 - Highest 78 consecutive pay periods, 3- year average
- Formula – maxes out
 - 2.43% age 65 for General
 - 2.62% age 55 for Safety

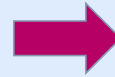
General:	55 with 10 years of service	Any age with 30 years of service	70 regardless of years of service
Safety:	50 with 10 years of service	Any age with 20 years of service	70 regardless of years of service

RETIREMENT TIERS AND FORMULAS

Tier 4 - PEPRA

- Hire Dates
 - General and Safety : on or after to January 1, 2013
- Minimum Retirement Age

General:	52 with 5 years of service	70 regardless of years of service
Safety:	50 with 5 years of service	70 regardless of years of service



Formula

- Age at retirement
- Amount of Service Credit
- Final Average Salary (FAS)-
 - Highest 78 consecutive pay periods, 3- year average
- Formula – maxes out
 - 2.5% age 67 for General
 - 2.7% age 57 for Safety

SERVICE RETIREMENT FORMULA FACTORS- CONT.

The Age Factor

Age used in determining retirement allowances 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 up until your tier maximum age.

For example:

- If you were born in January 1972
- Retired May 2027
- Age at retirement would be 55 ¼

Service Credit Factor

Retirement service credit is based on actual hours worked, excluding any 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 (if leave taken while employed with Merced County and return to Merced County within one year of separating from the military service)

Final Average Salary (FAS)

The monthly average salary is used to calculate benefits.

- Loyalty bonus (Tier 1-3 only)
- Highest 26 consecutive pay periods (Tier 1)
- Highest 78 consecutive pay periods (Tier 2-4)
- Sick leave sold back during the 25th pay period (Tier 1-3)
- Vacation sold back during the 25th pay period (Tier 1-3)
- Some special pays, for example:
 - Uniform allowance
 - Bilingual pay
 - Confidential pay

Please reach out to us regarding any additional pay

MAXIMIZING YOUR RETIREMENT BENEFITS

- **Purchase Service Time-** Extra Help, Leave of Absences, 4850 time, Redeposit of previous withdrawn funds
- **Sell Back Sick/Vacation-** Selling back in 25th pay period will increase Final Average Salary (FAS) (excluding Tier 4)
- **Strategize the Best Date-** Benefits increase with each quarter year of age, such as 55, 55.50 or 56
- **Promote, Promote, Promote-** Increase your Final Average Salary (FAS)



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Application Process & Retirement Options



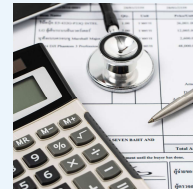
RETIREE APPLICATION PROCESS



Request retirement estimates with several dates, also request counseling appointment for additional questions or concerns



Retirement applications must be completed and signed- cannot be submitted more than 60 days before retirement, and they cannot be retroactive.



Health, dental, vision and Social Security : Contact County of Merced HR or Superior Courts Management for health, dental and life insurance, VSP for vision services and the Social Security Administration

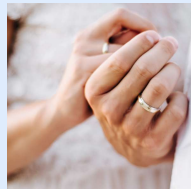


It may take 8 week to receive first retirement paycheck

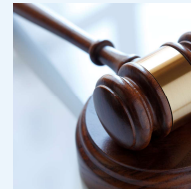
REQUIRED DOCUMENTATIONS



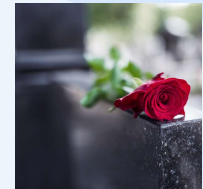
Member and
Beneficiary: Birth
Certificate, Current
Passports, Passport ID-
establish proof of age



Marriage License,
Domestic Partnership
Certificate (if married in
foreign country –
Translation to English is
required)



Divorce Decree(
DRO/QDRO) - Final
Domestic Relations
Order is required,
joinder, judgement

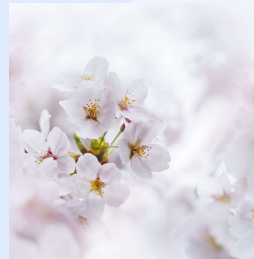


Death Certificates

CHOOSING A RETIREMENT DATE



Your birthday, or immediately following your birthday, or at any three-month interval after birthday is a good time to retire because your age is counted in quarter-years



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 Tier 2 & 3 members you should start selling vacation and sick leave hours 3 to 5 years before retirement.

RETIREMENT OPTIONS



UNMODIFIED-

- Maximum benefit for member's lifetime
- 60% lifetime continuance for spouse

OPTION 1-

- Reduced allowance for member's lifetime
- Does not leave a lifetime continuance
- Beneficiary can be anyone
- If contribution remain after passing, we will payout to the Survivor

OPTION 2-

- Reduced allowance for member's lifetime
- Reduced depended on the age of the beneficiary
- Leaves up to 100% lifetime continuance

OPTION 3-

- Reduced allowance for members lifetime
- Reduction depends on the age of the beneficiary
- Leaves 50% lifetime continuance

OPTION 4-

- Reduced benefit for a members' lifetime
- This is the ONLY option that allows for multiple adult or minor age beneficiaries

Social Security Option –

- Temporary increase in retirement benefits based on the estimated Social Security benefit for age 62, then your benefit will permanently reduce upon reaching age 62.

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Life as a Retiree



LIFE AS A RETIREE



Pension Payments

- Paid on monthly basis on the last business day of the month

COLA

- Applied in the April benefits (Tier 1 members only)

Death Benefit

- One-time death benefit of \$3,000 paid to your beneficiary if MercedCERA is the last system you work for

Survivor Benefits

- Upon your passing depending on the option you selected at retirement, MercedCERA will begin paying a lifetime benefit to your Survivor

1099's Tax Forms

- Mailed out by January 31st of each year

LIFE AS A RETIREE -CONTINUATION



Return to Work

- Outside of MercedCERA covered employer, there is no effect on your monthly retirement allowance, you can receive full retirement benefits & new employer paycheck
- MercedCERA covered employer, if you return as an Extra-Help basis or Independent Contractor, you can continue to receive MercedCERA retirement benefit & earnings
 - There is a waiting period after retirement –please contact MercedCERA
 - Maximum of 960 hours per Fiscal Year (7/1/YYY to 6/30/YYYY)
 - Both Employer and Retiree must keep track
 - Violation can result in monetary penalty and suspension of MercedCERA retirement benefit
- You must meet certain criteria before returning to work, please contact MercedCERA for further information.

RETIREE REPORTING RESPONSIBILITIES

Life Brings Many Changes:

- Marriage or Divorce
- Death of annuitant or spouse
 - Designating a Beneficiary
- Reemployment
- Court Order
- Change of Address/ Phone Number
- Change in Financial Institution
- Update Federal/ State Tax withholdings.
- If you chose temporary social security option, contact MercedCERA when turning 62 years.



KEY TAKEAWAYS- GETTING READY



Have a goal for retirement and a plan to achieve that goal – take ownership of your retirement planning.

Understand your retirement benefits so you can make better decisions about your future.

Estimates- ask for retirement estimates (may take up to 12 weeks)

Know your Social Security Benefits and any Deferred Compensation Accounts – IRA's, 457 (b), 401K know when you can withdraw without any penalty and how will the additional income affect you

Start gathering all official Documents

Schedule counseling appointment- 1-hour highly recommended appointment usually 60-90 days in advance of your desired retirement date

COME TALK TO US



MercedCERA has experienced professionals ready to guide you and assist with the important decisions.

- Planning and saving for retirement is a journey that lasts your whole career with multiple important decision points along the way.
- Other events for which you might want to speak with us include changes in marital status and updates to beneficiary information.
- Fully understanding your MercedCERA pension benefits is critical to planning for your retirement.
- If you have questions or are starting to consider your retirement, come speak with us.

FUTURE SESSIONS FROM MercedCERA PENSION EDUCATION SERIES

MercedCERA is excited to bring you a series of educational sessions to help you make the right retirement decisions for you and your family. Below are the planned educational sessions coming soon.

- **Financial Literacy**
Learn about the purpose and value of a pension, strategies for managing retirement risks, and common mistakes to avoid when planning for your financial future.
- **Reciprocity**
Understand how service credit and retirement benefits may be affected when moving between eligible public retirement systems.
- **Community Property**
Gain an overview of how pension benefits may be impacted by divorce and community property laws.
- **Retirement Planning**
Explore how your pension works, key retirement considerations, and strategies to help maximize your retirement income.
- **Death Benefits (Pre- and Post-Retirement)**
Learn about the survivor and beneficiary benefits available before and after retirement and the importance of keeping your beneficiary information up to date.



Merced County Employees' Retirement Association

- Address: 690 W. 19th Street, Merced CA 95340
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- Email: MercedCERA@countyofmerced.com
- Website: www.mercedcera.com

THANK YOU!

