

MCERA PENSION NOTES

RECIPROCITY

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Reciprocity is a word that is used frequently among public pension plans. When obtaining a job with an employer of another governmental pension system that has reciprocity, it is important to understand what "reciprocity" means and its benefits. Establishing reciprocity between reciprocal pension systems provides the member with advantages such as;

Entry Age - The employee contribution rate that you pay into a public pension system is based on your age when you first begin employment (known as entry date). Tier 1, 2, and 3 member contributions are based on entry age while Tier 4 contributors are a flat rate. By establishing reciprocity with a previous public pension system, MCERA will use your earliest entry date among all reciprocal systems, or another MCERA employer, when calculating your employee contribution rate. By using the earliest entry age, your employee contribution rate may be less.

Vesting - Your years of service at a reciprocal public pension system counts toward meeting the retirement service credit requirement for vesting and eligibility to retire.

Highest Final Salary - Your MCERA benefit will be calculated using the highest final salary for your compensation period among all reciprocal public pension systems that you establish reciprocity with. MCERA will request your highest salary period from the other pension system and will calculate your benefits using this reciprocal salary amount. It is important to note that each reciprocal

pension system has the authority to determine what constitutes salary - meaning that the retirement board for a reciprocal pension system may or may not consider the same pay codes as pensionable as MCERA. Therefore, your reciprocal salary may or may not actually be your highest salary or may not be what you thought it would be. Members are encouraged to review what is pensionable and what is not pensionable at each reciprocal pension system.

You must also establish reciprocity within six months of starting a new position at a reciprocal pension system.

To establish reciprocity, you must have left your employee contributions on deposit with the reciprocal pension system. The other reciprocal pension system(s) must be recognized as either another California '37 Act county, the California Public Employees Retirement System (CalPERS), the California State Teachers' Retirement System (CalSTRS).

VESTING

Members are vested in MCERA when they have attained five years (10,400 hours) of retirement service credit with any qualifying agency. Being vested entitles members to receive a pension from MCERA once all eligibility requirements have been fulfilled. If a member is a reciprocal member, years of retirement service at the previous agency count toward meeting the retirement service credit requirement for vesting and eligibility to retire.

2019 IS FAST APPROACHING

The 2019 year is just a few months away. The new year means an opportunity to do an assessment to ensure MCERA has your most updated information. For retirees or deferred members, if you had a change in your marital status, mailing address, or phone number, please contact the MCERA office to update your record. Active members should make mailing address and phone number updates through your department, but please update MCERA of any marital status changes.

Having accurate information is vital. For retired members, 1099Rs will be mailed out in January. For active or deferred members, MCERA will send out in January annual statements showing service, beneficiaries, and contribution information will also be going out.

If you have any questions please feel free to call or email MCERA. We are happy to assist.

REQUIRED MINIMUM DISTRIBUTION AND THE IRS

MCERA is required by the IRS to either pay out a member's employee contributions (refund) or payout an earned benefit at the age of 70. MCERA reviews member accounts who are close to attaining age 70 and makes contact with the member to determine if they are still working. MCERA will assist in identifying an estimated retirement date in order to comply with this mandate.

MCERA BUILDING

MCERA will be re-carpeting its offices beginning on November 8th immediately following the MCERA Board Meeting. MCERA's office will be open for business, however members will not be allowed back into staff office areas due to safety concerns. MCERA recommends that any counseling appointments be scheduled after the carpet is installed and offices are cleaned up. Please feel free to call the office if you have any questions or concerns or have immediate business with MCERA.

Retirement Board

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LEGAL UPDATE

MCERA continues to receive inquiries on this subject. The issue of whether some earnings such as on-call earnings, should be considered pensionable is still to be decided by the California Supreme Court. The Court has accepted review of *Alameda County Deputy Sheriff's Assn. et al v. Alameda County Employees' Retirement Assn., et al. (2018) 19 Cal.App.5th 61* and a decision is expected within the next two years. Whatever decision comes out, that information will be communicated to the MCERA membership.

1099Rs

MCERA staff will soon be preparing for the distribution of 1099Rs for the 2018 year. The 2018 1099R forms will be distributed on or before January 31, 2019.

If you've moved recently, be sure to provide a change of address to MCERA as soon as possible. Also, once you receive your 1099R in the mail, please review all the information carefully for accuracy and report any needed corrections to MCERA immediately.

MCERA Board Meetings:

October 11

October 25

November 8

December 6

December 20

Meetings are held on the second and fourth Thursday of every month, with some exceptions.