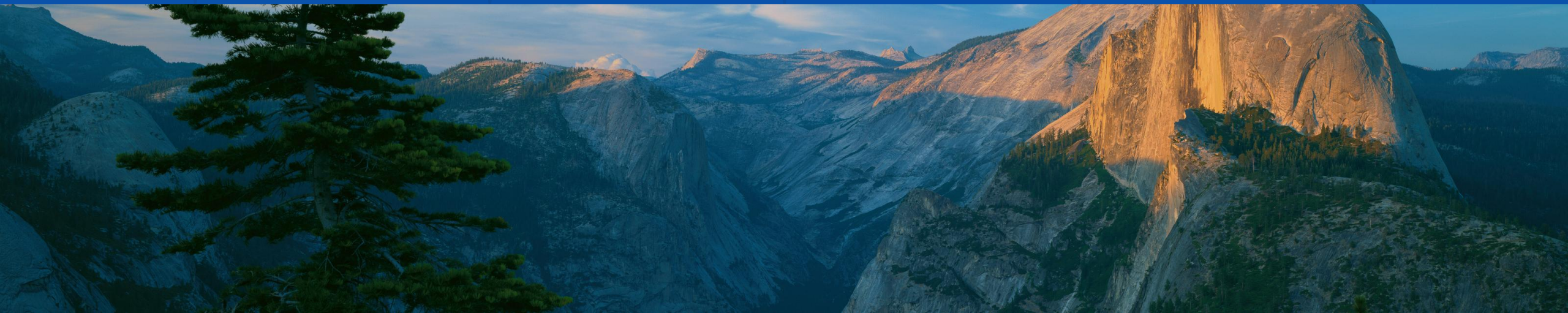




Reciprocity



AGENDA

- What is Reciprocity?
- Qualifying for Reciprocity
- Participating Reciprocal Systems
- How to Establish Reciprocity
- Incoming VS. Outgoing
- Tier Placement
- Key takeaways
- Q&A

WHAT IS RECIPROCITY?

Reciprocity is a legal agreement between MercedCERA and certain public retirement systems in California. This includes incoming employment to MercedCERA and outgoing employment with another public system. If you meet the criteria, reciprocity allows:

- Linked service credit across systems for vesting & retirement eligibility.
- Final compensation to be calculated using the highest eligible salary across both systems, subject to plan limits.

Note: You do not “transfer” your contributions. Each system calculates and pays its own portion of your retirement benefit.

QUALIFYING FOR RECIPROCITY

To establish Reciprocity, you must:

- Leave MercedCERA-covered employment and leave your contributions on deposit. Which also includes not rolling over your contributions to an IRA.
- Begin work & membership with a reciprocal system within 6 months(180 days) following the separation of your MercedCERA-covered employment. ***Reach out to the office if you fall into this scenario**
- Your service in the reciprocal system cannot overlap with your MercedCERA service
- Retire from both systems on the same day. *Unless Section 31835.1 of the 1937 Act applies.

PARTICIPATING RECIPROCAL SYSTEM

State Systems

- California Public Employees' Retirement System (CalPERS)
- California State Teachers Retirement System (CalSTRS)
- Judges' Retirement System I & II (JRS) County Systems

County Systems

-
- | | |
|----------------|-----------------|
| • Alameda | • San Bernadino |
| • Contra Costa | • San Diego |
| • Fresno | • San Joaquin |
| • Imperial | • San Mateo |
| • Kern | • Santa Barbara |
| • Los Angeles | • Sonoma |
| • Marin | • Stanislaus |
| • Mendocino | • Tulare |
| • Orange | • Ventura |
| • Sacramento | |
-

HOW TO ESTABLISH RECIPROCITY

- Contact MercedCERA when accepting new employment to discuss your eligibility.
 - Let your new retirement system know you are a MercedCERA member.
 - Confirm your hire date and separation date, careful-timing is critical.
 - Submit any required forms to both retirement systems.
- Once you establish Reciprocity, your election is irrevocable.



MEMBER'S ENROLLMENT FORM

PLEASE PRINT ALL INFORMATION

_____	_____	_____	_____
(Last Name)	(First Name)	(Middle Initial)	(Date of Birth)
_____			☐ Male ☐ Married/Domestic ☐ Female ☐ Partner Registration ☐ Single
(Complete Address)			
_____	_____		
(Home Phone/Cell Number)	(Personal Email)		
_____	_____	_____	
(Date entered County)	(Present Department)	(Position)	

ARE YOU A MEMBER OF ANY OTHER PENSION OR RETIREMENT SYSTEM? ☐ NO ☐ YES

STATUS OF OTHER SYSTEM ☐ RETIRED ☐ ACTIVE

IF ACTIVE, DATE OF SEPARATION _____

HAVE YOU EVER PREVIOUSLY WORKED FOR MERCED COUNTY EITHER AS A PART TIME EMPLOYEE OR FULL TIME? ☐ NO ☐ YES

(Name of other retirement system) _____

Ending Date: _____

INCOMING VS OUTGOING RECIPROCITY

- Incoming Reciprocity applies when you join a new MercedCERA-covered employer that has a reciprocal agreement with another system.
- Outgoing Reciprocity applies when you leave a MercedCERA-covered employer and enter a new, eligible public retirement system.



SEPARATION FROM EMPLOYMENT

- When an employee separates from employment:
 - MercedCERA will certify mail a Disposition of Contribution Form to the mailing address on file.
 - The Disposition of Contribution Form has multiple options for members to select, one of them being the “Reciprocity Election”



Disposition of Contribution Form			
PART I – MEMBER INFORMATION <i>Please print.</i>			
Last Name		First Name	Social Security Number
Street Address		Email	
City	State	Zip	Phone Number
Birth Date	Department		Termination Date
PART II – ELECTION OF MEMBERSHIP - Choose only ONE option from the following:			
Option 1	DEFER RETIREMENT (VESTED) ☐ DEFER RETIREMENT (WITH AT LEAST 5 YEARS OF RETIREMENT SERVICE CREDIT): I elect to leave my contributions on deposit and take a deferred retirement to become effective at a later date.		
Option 2	DEFER MEMBERSHIP (NON VESTED) ☐ DEFER MEMBERSHIP (WITH LESS THAN 5 YEARS OF RETIREMENT SERVICE CREDIT): I elect to leave my contributions on deposit. You may elect at any time to rescind in writing this election and withdraw your accumulated contributions. (Generally, members with less than 5 years of credited service will not be entitled to a retirement benefit other than a refund of contributions and interest.)		
Option 3	RECIPROCITY ELECTION ☐ I am accepting employment with an employer covered by a reciprocal retirement system, which will begin within 6 months of my separation date. I want to establish reciprocity and understand that I must leave my accumulated contributions and interest on deposit. Please provide information regarding the reciprocal retirement system below. You will receive a letter with your reciprocal status upon our verification of eligibility. Once reciprocity is established, it may not be broken, unless you terminate employment with the reciprocal system. Reciprocal Retirement System: _____ Date of Employment: _____		

TIER PLACEMENT

- Tier 4 is the only membership open. *Percentage based
- Anyone hired after 1/1/2013 who establishes reciprocity will automatically be placed into a Tier 4 membership.
- However, if you're incoming reciprocal and your membership date with the reciprocal system is before 1/1/2013, you will be placed into our Tier 3 membership. *Age based
 - Ex: Previous system hire date was 1/1/2016 you will be placed as a Tier 4 member.
 - Previous system hire date was 1/1/2006 you will be placed as a Tier 3 member.

KEY TAKEAWAYS

- Is Reciprocity for you?
- You must leave membership in the first agency and enter new membership in the new agency within 6 months.
 - Ex: Your separation date is 7/1/2026 from MercedCERA. You will have to begin employment with the new system within 6 months of that date.
- You cannot withdraw your contributions from any reciprocal agency.
- You must retire from all reciprocal agencies on the same date. *Unless Section 31835.1 of the 1937 Act applies.

TO SUM IT ALL UP....

Safety Ex:

Jane Doe is a tier 2 safety member, age of 48 and has completed 15 years of service with StanCERA. Her start date was 7/1/1996. She then entered employment with MercedCERA on 11/12/2011 and completed 5 years of service. Her total years of service is 20 years. This allows her to be eligible to retire from both systems. Jane's FAC from StanCERA is \$5,500 and \$6,500 from MercedCERA. We will utilize the higher FAC of \$6,500 with her 5 years of service to calculate her pension. StanCERA will use the higher FAC from MercedCERA to calculate her pension based on her 15 years of service there.

- ❖ StanCERA will remove non-pensionable pay from MercedCERA's FAC

TIER	FORMULA (MAXIMUMS)	MINIMUM AGE
1	3% at Age 50	Age 50 with 10 years Age 65 if hired before December 31, 1978 Age 70 with any years Any age with 20 years
2	3% at Age 50	Age 50 with 10 years Age 70 with any years Any age with 20 years
3	2.62% at Age 55	Age 50 with 10 years Age 70 with any years Any age with 20 years
4	2.7% at Age 57	Age 50 with 5 years Age 70 with any years

Safety Members

General Ex:

John Doe is a general tier 4 member, age 52 and has completed 4 years of service with MercedCERA. His hire date was 2/1/2016. He then entered employment with CalPERS on 6/1/2020 and completed 1 year of service. His total years of service is 5 years. This allows him to be eligible to retire from both systems. John’s FAC from MercedCERA is \$2,500 and \$3,500 from CalPERS. We will utilize the higher FAC of \$3,500 with his 4 years of service to calculate his pension. CalPERS will use their higher FAC to calculate his pension based on his 1 year of service there.

❖ MercedCERA will remove non-pensionable pay from CalPERS FAC

TIER	FORMULA (MAXIMUMS)	MINIMUM AGE
1	3% at 60	Age 50 with 10 years of service Age 65 if hired before December 31, 1978 Age 70 with any years of service Any age with 30 years of service
2	3% at 60	Age 55 with 10 years of service Age 70 with any years of service Any age with 30 years of service
3	2.43% at 65	Age 55 with 10 years of service Age 70 with any years of service Any age with 30 years of service
4	2.5% at 67	Age 52 with 5 years of service Age 70 with any years of service

Miscellaneous Members

Questions?

Future sessions from MercedCERA pension education series

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.

Thank
you

