MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
3199 "M" Street
Merced, California 95348
Phone: 209-726-2724 Fax: 209-725-3637
Email: Mcera@co.merced.ca.us
Website: www.mcera.merced.ca.us

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.

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% 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% (100% if Service Connected Disability) 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 lifetime 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 during the first seven years of retirement. Your contributions deplete at a slower rate than the unmodified option. This is the <u>ONLY</u> 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.

Note: A member who wants to leave a beneficiary the greatest possible amount of money might prefer this option.

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.

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 the actuary. The costs for this calculation will need to be paid by the member. Please contact our office for current cost of calculating 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 beneficiary's 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.

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 anytime. 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.