

## Termination Options for Non-Vested Members

Our career paths are unpredictable. Therefore, we offer several options for your retirement account should you terminate your employment for any reason. The options available to our Non-Vested Members vary depending on what type of employee contributions you have selected (i.e. refundable or non-refundable).

If you have **less than five years of service credit**, you are considered non-vested. Upon termination of your employment, you will be eligible to select from the following options:

- **A Refund of Refundable Contributions:** You may choose to “cash-out” any **refundable** contributions and interest in your retirement account. Any non-refundable contributions in your retirement account **cannot** be refunded upon termination.

Selecting a refund of your contributions will end your membership with SBCERA and terminate any future claims for retirement benefits, including disability benefits.

**Note:** Refunds are subject to taxes as personal income. Therefore, 20% will be withheld in Federal income taxes. In addition, you may request to withhold an additional 2% for state taxes.

- **A Rollover of Refundable Contributions:** You can request to rollover all or a portion of your **refundable** contributions into another qualified retirement plan, such as an IRA. With a partial rollover, you can select how much you wish to rollover and have the remaining funds refunded to you.

**Note:** Federal income taxes will not be withheld on contributions rolled over to a qualified retirement plan. If you choose a partial rollover, a withholding will be made on any contributions refunded to you.

- **Leave Funds On Deposit:** You can choose to leave your **refundable** contributions “on deposit” with SBCERA and continue to earn interest. Currently, the interest rate is based on the six-month Treasury bill (T-bill) rate.

**Note:** You may still request to refund or rollover your accumulated refundable contributions and interest at any time.

- **Deferred Retirement with Reciprocity:** If you are reemployed by another public agency in California within 180 days of your termination, you may be eligible to establish reciprocity. Reciprocity allows you to link multiple public pension plans together. By doing so, you can use your years of service credit to meet vesting and eligibility requirements of other reciprocal systems. In addition, your contribution rate at your new system may be based on your entry age with the first system and your highest average final compensation may

be used by all systems to calculate your benefit amount upon retirement. To establish reciprocity, you must leave your contributions on deposit with SBCERA and you cannot work and earn service from both systems at the same time. There must be a clear break in service from SBCERA before entering a new system. Upon establishing reciprocity, you can no longer withdraw funds from SBCERA while you are still a member of the reciprocal agency and you will be required to retire concurrently from both (or all) systems on the same date.

**Note:** If you only have non-refundable contributions in your retirement account, your only option upon termination will be to defer retirement with reciprocity. If you are unable to get reemployed by a reciprocal system or SBCERA within 180 days, you will forfeit your non-refundable contributions.

**If you are vested and have more than five years of service credit**, additional options will be available to you. Watch for our next Retirement 101 for more details.

Should you terminate your employment for any reason, please contact SBCERA to learn more about your options and to request the forms you will need to select the option that works best for you. The forms are also available on our website, **www.SBCERA.org**.

