

Termination Options for Vested Members

Many things can happen in our lives that may impact our careers. SBCERA offers several retirement account options upon termination from employment for any reason. The options vary based on whether a member is vested or not.

If you have 5 years or more of service credit, you are considered vested in the plan. Vested means you now qualify for a monthly, lifetime retirement allowance. Upon leaving a job for any reason, vested members are eligible to select from the following options:

• **Service Retirement:** If you are eligible, you may choose to retire and begin receiving a lifetime retirement allowance. To be eligible you must meet one of the following age and/or service credit requirements: age 50 with at least 10 years of service credit; at any age if you are a General Member with 30 years of service credit or more; at any age if you are a Safety Member with 20 years of service credit or more; or at age 70 or older with any amount of service credit. Part-time members have special eligibility requirements for a Service Retirement and are encouraged to contact SBCERA.

• **Deferred Retirement:** By deferring retirement, you are choosing to leave your refundable contributions and interest "on deposit" with SBCERA until such time that you are eligible and/or ready to service retire. While on deferred retirement, the refundable contributions continue to earn interest. A member on deferred status may still refund their refundable contributions. However, a refund forfeits any future SBCERA retirement benefits.

• **Deferred Retirement with Reciprocity:** If you leave your job and are re-employed 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/or earn concurrent service from both systems at the same time. There must be a clear break in service before entering a new system. Upon establishing reciprocity, you cannot refund your contributions 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.

• **Refund or Rollover of Refundable Contributions:** A refund is a lump sum made payable to you, while a rollover is where you move your refundable contributions into a qualified retirement plan, such as an IRA. You may choose to do a combination of a refund and rollover. Any non-refundable contributions in your retirement account cannot be refunded or rolled over. Selecting a refund or rollover of your contributions will end your membership with SBCERA and terminate any future claims for a monthly, lifetime retirement benefit including disability benefits. In addition, refunds are subject to taxes as personal income. Therefore, 20% will be withheld in Federal income taxes. You may request to withhold an additional 2% for state taxes.

Upon termination of your employment, it is essential that you review your options carefully. Please contact SBCERA to learn more about your options and to request the forms you need to select the option that is right for you. The forms are also available on our website, www.SBCERA.org.