

# RETIREMENT 101: 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. The options vary based on whether a member is vested or not.

**If you have 5 or more years of service credit, you are considered vested in the plan.** Vested means that once you are eligible for retirement you may receive a monthly, lifetime retirement benefit. Upon leaving your job for any reason, vested members may select from the following options once they become eligible:

**Service Retirement:** 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:

#### Tier 1

- Member age 50 or older, with at least 10 years of service credit
- General Member, regardless of age, with at least 30 years of service credit
- Safety Member, regardless of age, with at least 20 years of service credit
- Member age 70 or older, with any amount of service credit
- Active part-time Member age 55 or older with at least 10 years of membership and 5 years of service credit

#### Tier 2

- General Member, age 52 or older, with at least 5 years of service credit
- Safety Member, age 50 or older, with at least 5 years of service credit
- Member age 70 or older, with any amount of service credit

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

**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 public pension plans together. By doing so, you can use your years of service credit to meet vesting, and potentially eligibility requirements, of other reciprocal systems. In addition, your highest Final Average Compensation (FAC) **may** be used by all systems to calculate your benefit amount upon retirement. Dependent upon your tier, your contribution rate at your new system may be based on your entry age with the first system.

To establish reciprocity, you cannot be receiving a benefit from the first system, you must leave your contributions on deposit with SBCERA, you cannot work and

earn service credit from both systems at the same time and there must be a clear break in service from SBCERA before entering the new system. Upon establishing reciprocity, you can no longer withdraw your 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. Upon retirement you must file an application with each system in advance and indicate the same retirement effective date.

## Refund or Rollover of Refundable Contributions

- **Refund:** You may choose to cash out, or refund, any refundable contributions and interest in your retirement account. 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 and may be subject to an additional early withdrawal tax.. Therefore, 20% will be withheld in federal income taxes. In addition, you may request to withhold an additional 2% for State of California taxes.*

- **Rollover of Refundable Contributions:** You may 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 refunded contributions.*

**Leave Funds On-Deposit:** You can choose to leave your **refundable** contributions on-deposit with SBCERA and continue to earn interest.

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

**Non-Refundable Contributions:** Any non-refundable contributions in your retirement account **cannot** be refunded upon termination.

**Both Non-Refundable and Refundable Contributions:** If you made contributions under both the refundable and non-refundable options, only the refundable contributions can be refunded or rolled over.

It is essential that you review your options carefully. Should you terminate employment for any reason, please contact SBCERA to learn more and select the option that works best for you.

**(877)722-3721**

**[www.SBCERA.org](http://www.SBCERA.org)**