

RETIREMENT 101: WHEN SHOULD I RETIRE?



When should I retire?

Retirement directly from active service with a participating employer, or from a deferred status, is called a Service Retirement. Your eligibility for retirement depends on a combination of your age, your years of service credit and your Plan membership. To retire from SBCERA and begin receiving your retirement benefit, you must meet one of the following requirements based on your membership type and tier:

Tier 1 Member (SBCERA membership date is prior to January 1, 2013)

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

Tier 2 Member (SBCERA membership date is on or after January 1, 2013)

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

When choosing what day to retire, waiting a month or two can make a difference in your monthly benefit. Keep the following times of year in mind:

Service Credit: Service credit is a factor used to calculate your retirement benefit. The longer you work, the more service credit you earn, the more your retirement benefit will increase.

Your Birthday: Your age at retirement is counted in quarter years up to a maximum age as determined by benefit formula. For Tier 1 Members, your benefit increases up to age 65 for General and up to age 50 for Safety. For Tier 2, it increases up to age 67 for General Members and age 57 for Safety Members. Therefore, you may want to consider retiring on or immediately following your birthday, or at any three-month interval after your birthday to ensure you receive the latest quarter year of age credit available to you.

Spring COLA: Your retirement benefit will increase on April 1st if the SBCERA Board of Retirement (BOR) approves any Cost-Of-Living-Adjustment (COLA). The COLA is not retroactive, so if you retire any date past April 1st you will not receive a COLA until the following BOR-approved COLA.

Winter: If you retire toward the end of the year, your tax rate for any retirement benefits paid that year will be based on total income, including compensation and any leave cash-outs you were eligible to receive. If you will be in a lower tax bracket after you retire, you may want to wait until January to start receiving your benefits.

Leave Accruals (Tier 1 Members Only): Plan to cash-out any leave accruals you are eligible to include in your Final Average Compensation (FAC). Per your Memorandum of Understanding (MOU), you must be entitled to elect to receive a cash-out during any 12 consecutive month period. You will only be able to include leave cash-outs equal to the amount you are eligible to cash-out, per your MOU, up to the amount you can accrue in a 12 month period.

Whether you're three months or three years away from retirement, a Retirement Specialist is available to answer your questions Monday through Friday from 8:00 a.m. to 5:00 p.m. To speak with your Retirement Specialist, call (909)-885-7980 or 1-877-722-3721. You may also send an email or schedule an appointment online at www.SBCERA.org.