



TERMINATION OPTIONS

Important Notice: Members who voluntarily or involuntarily terminate employment with any SBCERA participating employer have certain rights and options with regard to their SBCERA account. Please read the following information to help you decide what to do with your SBCERA account. If you need further clarification, please call SBCERA at (909) 885-7980 or toll free at (877) 722-3721.

Vested Members

If you have five (5) or more years of service credit, you are a vested member. Below are the options available to you when you terminate your employment from any SBCERA participating employer. If you do not return this form to SBCERA, your account will automatically be put into a Deferred Vested status.

Deferred Vested

- 1) Being vested allows you to defer your retirement. With this option, your contributions remain on deposit with SBCERA. You will receive benefits once you are eligible to retire and your application for retirement has been submitted to, and approved by, SBCERA.

Retirement Eligibility Requirements:

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

- (1) You are at least 50 years old **and** you have the equivalent of at least 10 years* of service credit.
- (2) You are a Safety Member **and** you have the equivalent of at least 20 years* of service credit.
- (3) You are a General Member **and** you have the equivalent of at least 30 years* of service credit.
- (4) You are vested **and** at least 70 years old.

**If you did not reach the requisite years of service credit as an active member, you will become eligible to retire on the date when you would have reached the years of service credit had you continued to work full-time for a participating SBCERA employer.*

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

- (1) You are a General Member, at least 52 years old.
- (2) You are a Safety Member, at least 50 years old.
- (3) You are vested **and** at least 70 years old.

To get an idea of how much your retirement benefits will be when you are eligible, please call SBCERA to request a benefit estimate. If this is your preferred option, please complete and sign the enclosed **Request to Defer Retirement Form**.

Deferred Reciprocal

- 2) If you are working for another public agency in California that has a reciprocal agreement with SBCERA or CalPERS, you also have the option to defer your retirement and establish **reciprocity**. Reciprocity links your employment service between two retirement systems that have a reciprocal agreement. Your employment with the other public agency must begin within 180 days after your termination date with the SBCERA employer. Other conditions apply; please consult the Summary Plan Description. Upon your retirement, you must **submit separate applications to SBCERA and any reciprocal agency, applying for retirement on the same effective date** and with advance notice or reciprocity will be broken and the associated benefits relinquished. Your retirement date with SBCERA cannot be backdated. If this applies to you, please complete and sign the enclosed **Request to Defer Retirement Form**.



San Bernardino County Employees'
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San Bernardino, CA 92408

P: 909.885.7980
E: memberservices@sbcera.org

Refundable and Nonrefundable Contributions

- 3) If you have **refundable contributions**, you have the right to a **refund** of the money in your account. You can request a refund of your account balance, or a rollover of your account balance to a qualified retirement plan (IRA) of your choice. You can also rollover a partial amount to a qualified retirement plan (IRA) and have the remaining funds paid to you. If this applies to you, please complete and sign the enclosed **Request for Refund of Contributions / Rollover to IRA / Leave Funds on Deposit Form**.

Please note that you waive all rights to retirement benefits including SBCERA disability benefits when you request a refund of your refundable contributions.

- 4) If you have only **non-refundable contributions**, your only option is deferred retirement. You may not request a refund. Please make sure to complete and sign the enclosed **Request to Defer Retirement Form**.
- 5) If you have both refundable and non-refundable contributions, you may request the refundable portion of your contributions. Please call SBCERA to verify if this option is available to you. If this is your preferred option, please complete and sign the enclosed **Request for Refund of Contribution / Rollover to IRA / Leave Funds on Deposit Form**.

Please note that you waive all rights to retirement benefits including SBCERA disability when you request a refund of your refundable contributions.

Non-Vested Members

If you have less than five (5) years of employment service, below are the options available to you when you terminate your employment with any SBCERA participating employer. If you do not return this form to SBCERA, your account will automatically be Non-Vested On Deposit.

Non-Vested On-Deposit

- 1) You may leave your funds on deposit with SBCERA and let them continue to earn interest. Currently, the interest rate is based on the lesser of the six-month T-bill rate or the assumed investment earning rate. If this is your preferred option, please complete and sign the enclosed **Request for Refund of Contribution / Rollover to IRA / Leave Funds on Deposit Form**.

Reciprocity

- 2) If you are working for another public agency in California that has a reciprocal agreement with SBCERA or CalPERS, you also have the option to defer your retirement and establish **reciprocity**. Reciprocity links your employment service between two retirement systems that have a reciprocal agreement. Your employment with the other public agency must begin within 180 days after your termination date with the SBCERA employer. Other conditions apply; please consult the Summary Plan Description. Upon your retirement, you must **submit separate applications to SBCERA and any reciprocal agency, applying for retirement on the same effective date** and with advance notice or reciprocity will be broken and the associated benefits relinquished. Your retirement date with SBCERA cannot be backdated. If this applies to you, please complete and sign the enclosed **Request to Defer Retirement Form**.

Refundable and Nonrefundable Contributions

- 3) If you have **refundable contributions**, you have the right to a **refund** of the money in your account. You can request a refund of your account balance, or a rollover of your account balance to a qualified retirement plan (IRA) of your choice. You can also rollover a partial amount to a qualified retirement plan (IRA) and have the remaining funds paid to you. If this is your preferred option, please complete and sign the enclosed **Request for Refund of Contribution / Rollover to IRA / Leave Funds on Deposit Form**.

Please note that you waive all rights to retirement benefits including SBCERA disability when you request a refund of your refundable contributions.



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- 4) If you have only **non-refundable contributions**, your only option is deferred retirement with reciprocity. You may not request a refund. See Reciprocity above. If you are re-employed by the County of San Bernardino or become employed by another SBCERA employer, you may request service credit for the period of employment for which you elected non-refundable contributions.
- 5) If you have both refundable and non-refundable contributions, you may request the refundable portion of your contributions. Please call SBCERA to verify if this option is available to you. If this is your preferred option, please complete and sign the enclosed **Request for Refund of Contribution / Rollover to IRA / Leave Funds on Deposit Form**.

Please note that you waive all rights to retirement benefits including SBCERA disability when you request a refund of your refundable contributions



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REQUEST TO REFUND/ROLL OVER/LEAVE FUNDS ON DEPOSIT

Make sure to read all instructions and enclosed information before completing this form. To withdraw or roll over funds, you cannot be employed by any SBCERA participating employer in any capacity—including part-time, seasonal, extra help, reserve, or paid call.

Note: It can take up to 6 to 10 weeks from the date the completed form is received for your payment to be issued.

PART I. INFORMATION ABOUT YOU

Last Four Digits of SSN		
Last Name	First Name	Middle Initial
Address		
City	State	Zip Code
Phone Number	Email Address	

PART II. SELECTION OF OPTION

I terminated my employment on: _____ Please handle my SBCERA account in the following manner:

REFUND CONTRIBUTIONS

I elect a refund of contributions.

Please withhold California State Tax @ 2% _____ Yes _____ No

ROLL OVER CONTRIBUTIONS

I elect to rollover my tax-deferred contributions to a qualified IRA.

The amount of tax-deferred dollars which I do not want to rollover, but want paid directly to me is \$ _____
(An estimate of pre-tax dollars can be obtained from SBCERA).

Please withhold California State Tax at 2% _____ Yes _____ No

I understand that for the tax-deferred contributions to be rolled over, the line on the check will be designated to the trustee of the new account and not to me as in the example: "To the ABC Bank as Trustee of John Smith".
Note: Contributions made with after-tax dollars can be refunded, but cannot be rolled over.

Financial Institution:

Check with the financial institution or your employer's qualified plan for this information. It is your responsibility to provide accurate information and for ensuring that the qualified IRA you designate will accept and receive the rollover on your behalf in accordance with the applicable tax rules. SBCERA will not verify this information.

Name of Recipient Institution _____
Account Number

Recipient Institution Address: _____



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LEAVE FUNDS ON DEPOSIT

I elect to leave my retirement contributions on deposit with SBCERA. Because I am not vested, I understand that leaving my contributions on deposit with SBCERA does not entitle me to any future disability retirement benefits. I will be eligible for a monthly retirement benefit only when I reach the age of 70, if I subsequently establish reciprocity, or if I return to employment for an SBCERA-covered employer. I may request a refund of my refundable contributions at any time while I am on Non-Vested on Deposit status.

Federal Income Tax Withholding: Your tax-deferred contributions and interest in SBCERA will be subject to taxes as personal income in the year you receive your refund. Therefore, 20% federal income tax will be withheld from your refund, unless your refund is less than \$200.00 or your contributions were made with after-tax dollars. **Please read the attached "Special Tax Notice regarding Lump Sum Withdrawals".**

State Income Tax Withholding: Two percent (2%) State income tax can be withheld from your refund at your request.

I have read the notices and instructions including the "Special Tax Notice regarding Lump Sum Withdrawals" and do hereby affirm that by making a claim for one of the aforementioned options, marking the appropriate box and affixing my signature below, all the statements are accurate.

Waiver of Rights: I am aware of my service and disability retirement rights with SBCERA. I have read the description of rights, and the benefits calculations formula and table, set forth in the SBCERA Retirement Plan Booklet, as well as the instructions in this form regarding my rights to a disability retirement.

MEMBER SIGNATURE

DATE

Despite my knowledge of these facts, I hereby WAIVE all rights to any future retirement benefits in order to take a refund or rollover of contributions. I understand this decision is irrevocable once I receive my refund and/or roll over.

Member's Initials (Refund/rollover cannot be processed without member's initials.)



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PART III. NOTIFICATION OF SPOUSE

Government Code 31760.3 requires that the member's current spouse or registered domestic partner be notified of the member's selection of benefits. This spouse's or domestic partner's signature **must** be dated and **must be acknowledged before a notary public**. You should read this **Request to Refund Contributions / Rollover /Leave Funds on Deposit Form** very carefully.

IF MEMBER IS NOT MARRIED OR CANNOT OBTAIN SIGNATURE OF CURRENT SPOUSE OR DOMESTIC PARTNER, the JUSTIFICATION FOR NON-SIGNATURE OF SPOUSE OR DOMESTIC PARTNER Form must be completed and signed.

NOTE: If you are divorced or widowed, please provide a copy of the complete final judgment settlement agreement/divorce decree or certified copy of the death certificate.

By signing this form, I, _____ acknowledge my spouse's/domestic partner's selection of benefits.
 Print Name of Spouse/Domestic Partner

SIGNATURE OF SPOUSE/DOMESTIC PARTNER **DATE**

Acknowledgement of Notary Public

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of _____

County of _____

On _____, before me _____
DATE **NAME AND TITLE OF OFFICER**

Personally appeared (Name of signer): _____

Who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and Official Seal:

Seal:

Signature of Notary Public: _____

My Commission Expires: _____

PART IV. SUBMIT THIS FORM

Submit this form by mailing or dropping it off at **348 W. Hospitality Lane, Suite 100, San Bernardino, CA 92408.**



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JUSTIFICATION FOR NON-SIGNATURE OF SPOUSE OR DOMESTIC PARTNER

Please print Name, Address, City, State, Zip below.

Three horizontal lines for printing name, address, and city/state/zip.

Government Code Section 31760.3 requires that the current spouse or domestic partner be notified of the selection of benefits or change of beneficiary made by a member, unless the member makes the following declaration, in writing under penalty of perjury.

I, _____ (member name), declare:

- 1. That on _____ (date) I have made: (Check One)
- [] An application for a refund of my accumulated contributions
- [] An election of optional settlement
- [] A change in beneficiary designation

Select either 2 or 3 and indicate specifics:

2. [] By checking this box, you indicate that you are not legally married or in a legal domestic partnership because:

- [] Never married or never in a legal domestic partnership.
[] Divorced/legally separated/marriage annulled or domestic partnership terminated. Date (mm/dd/yyyy)
[] Widowed. Date (mm/dd/yyyy)

3. [] That my selection of benefits or change of beneficiary, as mentioned above in section 1, did not contain the signature of my current spouse or domestic partner because: (Check One)

- [] My current spouse or domestic partner has no identifiable community property interest in the benefit
[] I do not know, and have taken all reasonable steps to determine the whereabouts of my current spouse or domestic partner.
[] My current spouse or domestic partner has been advised of the application and has refused to sign the written acknowledgment
[] My current spouse or domestic partner is incapable of executing the acknowledgment because of incapacitating mental or physical condition
[] My current spouse or domestic partner and I have executed a marriage settlement agreement pursuant to Part 5 (commencing with Section 1500) of Division 4 of the Family Code, which make the community property law inapplicable to the marriage.

If a selection was made under section 3, you must provide the name of your spouse or domestic partner below:

My current spouse or domestic partner's name is: _____ (Please print)

I declare under penalty of perjury all of the foregoing statements to be true and correct.

Executed this _____ day of _____, 20____, in _____ (CITY) _____ (STATE)

(SIGNATURE OF DECLARANT)

(LAST FOUR DIGITS OF SSN OF DECLARANT)



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AN ADVISORY PREPARED BY SBCERA

SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS AND FEDERAL INCOME TAX

This notice explains how you can continue to defer federal income tax on your retirement savings in the San Bernardino County Employees' Retirement Association ("SBCERA" or "Plan") and contains important information you will need before you decide how to receive your Plan benefits. This notice summarizes only the federal (not state or local) tax rules that might apply to your payment. Other tax rules apply for California.

You are receiving this notice because all or a portion of a payment you are receiving from the Plan is eligible to be rolled over to an IRA, Roth IRA, or an eligible employer plan. A rollover is a payment by you or SBCERA (your "Plan Administrator") of all or part of your benefit to another plan or IRA that allows you to continue to postpone taxation of that benefit until it is paid to you. This notice is intended to help you decide whether to do such a rollover.

Rules that apply to most payments from a plan are described in the "General Information About Rollovers" section. Special rules that only apply in certain circumstances are described in the "Special Rules and Options" section.

General Information About Rollovers

How can a rollover affect my taxes?

You will be taxed on a payment from the Plan that is eligible for rollover (see "*How much may I roll over?*") if you do not roll it over. If you are under age 59½ and do not do a rollover, you will also have to pay a 10% additional income tax on early distributions (unless an exception applies). However, if you do a rollover, you will not have to pay tax until you receive payments later and the 10% additional income tax will not apply if those payments are made after you are age 59½ (or if an exception applies).

Where may I roll over the payment?

You may roll over the payment to either an IRA (an individual retirement account or individual retirement annuity) or an eligible employer plan (a tax-qualified plan, section 403(b) plan, or governmental section 457(b) plan) that will accept the rollover. The rules of the IRA or employer plan that holds the rollover will determine your investment options, fees, and rights to payment from the IRA or employer plan (for example, no spousal consent rules apply to IRAs and IRAs may not provide loans). Further, the amount rolled over will become subject to the tax rules that apply to the IRA or employer plan. For example, if you were born before January 1, 1936, you might be entitled to ten-year averaging or capital gain treatment. If you roll over your benefit, however, to a section 403(b) tax-sheltered annuity, a governmental 457 plan, or an IRA in a direct rollover, your benefit will no longer be eligible for that special treatment. See sections below entitled "*If you were born on or before January 1, 1936*" and "*If I do a rollover to an IRA, will the 10% additional income tax apply to early distributions from the IRA?*"

How do I do a rollover?

There are two ways to do a rollover. You can do either a direct rollover or a 60-day rollover.

If you do a direct rollover, the Plan will make the payment directly to your IRA or an employer plan. You should contact the IRA sponsor or the administrator of the employer plan for information on how to do a direct rollover.

If you do not do a direct rollover, you may still do a rollover by making a deposit into an IRA or eligible employer plan that will accept it. You will have 60 days after you receive the payment to make the deposit. If you do not do a direct rollover, the Plan is required to withhold 20% of the payment for federal income taxes (up to the amount of cash and property received). This means that, in order to roll over the entire payment in a 60-day rollover, you must use other funds to make up for the 20% withheld. If you do not roll over the entire amount of the payment, the portion not rolled over will be taxed and will be subject to the 10% additional income tax on early distributions if you are under age 59½ (unless an exception applies).



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How much may I roll over?

If you wish to do a rollover, you may roll over all or part of the amount eligible for rollover. Any payment from the Plan is eligible for rollover, except:

- Certain payments spread over a period of at least 10 years or over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary)
- Required minimum distributions after age 70½ (or after death)

The Plan administrator or payor can tell you what portion of a payment is eligible for rollover.

If I don't do a rollover, will I have to pay the 10% additional income tax on early distributions?

If you are under age 59½, you will have to pay the 10% additional income tax on early distributions for any payment from the Plan (including amounts withheld for income tax) that you do not roll over, unless one of the exceptions listed below applies. This tax is in addition to the regular income tax on the payment not rolled over.

The 10% additional income tax does not apply to the following payments from the Plan:

- Payments made after you separate from service if you will be at least age 55 in the year of the separation;
- Payments that start after you separate from service if paid at least annually in equal or close to equal amounts over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary);
- Payments made after you separate from service if you are a public safety employee and you are at least age 50 in the year of the separation;
- Payments made due to disability;
- Payments after your death;
- Payments made directly to the government to satisfy a federal tax levy;
- Payments made under a qualified domestic relations order (QDRO); or
- Payments up to the amount of your deductible medical expenses.

If I do a rollover to an IRA, will the 10% additional income tax apply to early distributions from the IRA?

If you receive a payment from an IRA when you are under age 59½, you will have to pay the 10% additional income tax on early distributions from the IRA, unless an exception applies. In general, the exceptions to the 10% additional income tax for early distributions from an IRA are the same as the exceptions listed above for early distributions from a plan. However, there are a few differences for payments from an IRA, including:

- There is no exception for payments after separation from service that are made after age 55.
- The exception for qualified domestic relations orders does not apply (although a special rule applies under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to an IRA of a spouse or former spouse).
- The exception for payments made at least annually in equal or close to equal amounts over a specified period applies without regard to whether you have had a separation from service.
- There are additional exceptions for (1) payments for qualified higher education expenses, (2) payments up to \$10,000 used in a qualified first-time home purchase, and (3) payments for health insurance premiums after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).



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Will I owe state income taxes?

This notice does not describe any State or local income tax rules (including withholding rules).

If my payment is not eligible for rollover, will it be subject to mandatory withholding?

If any portion of your payment is taxable, but cannot be rolled over, the mandatory withholding rules described above do not apply. In this case, you may elect not to have withholding apply to that portion. If you do nothing, an amount will be taken out of this portion of your payment for federal income tax withholding. To elect out of withholding, ask SBCERA for the election form and related information.

What are the consequences for failing to defer receipt of an eligible rollover distribution?

If you choose to have an eligible rollover distribution (or a distribution that is not eligible for rollover) paid to you now rather than deferring receipt, for example, by leaving the money in the Plan, or by rolling over the eligible rollover distribution to a traditional IRA or an eligible employer plan:

- You could lose your ability to defer income taxes on the distribution until a later date.
- You may be subject to the additional 10% early distribution penalty if you receive payment before age 59½.
- Your benefit may be less now than it will be if you defer receipt until a later date.
- Your retirement savings may be reduced.

How much time do I have to decide?

Generally, neither a direct rollover nor a payment can be made from the plan until at least 30 days after your receipt of this notice. Thus, after receiving this notice, you have at least 30 days to consider whether or not to have your withdrawal directly rolled over. If you do not wish to wait until this 30-day notice period ends before your election is processed, you may waive the notice period by making an affirmative election indicating whether or not you wish to make a direct rollover. Your withdrawal will then be processed in accordance with your election as soon as practical after it is received by the Plan administrator.

Special Rules and Options

If your payment includes after-tax contributions

After-tax contributions included in a payment are not taxed. If a payment is only part of your benefit, an allocable portion of your after-tax contributions is generally included in the payment, so you cannot take a payment of only after-tax contributions.

You may roll over to an IRA a payment that includes after-tax contributions through either a direct rollover or a 60-day rollover. You must keep track of the aggregate amount of the after-tax contributions in all of your IRAs (in order to determine your taxable income for later payments from the IRAs). The Plan Administrator can tell you the amount of any after-tax contributions included in your distribution request. If you do a direct rollover to an IRA of only a portion of the amount paid from the Plan and at the same time the rest is paid to you, the portion directly rolled over consists first of the amount that would be taxable if not rolled over. For example, assume you are receiving a distribution of \$12,000, of which \$2,000 is after-tax contributions. In this case, if you directly roll over \$10,000 to an IRA that is not a Roth IRA, no amount is taxable because the \$2,000 amount not directly rolled over is treated as being after-tax contributions.

If you do a 60-day rollover to an IRA of only a portion of a payment made to you, the after-tax contributions are treated as rolled over last. For example, assume you are receiving a distribution of \$12,000, of which \$2,000 is after-tax contributions, and no part of the distribution is directly rolled over. In this case, if you roll over \$10,000 to an IRA that is not a Roth IRA in a 60-day rollover, no amount is taxable because the \$2,000 amount not rolled over is treated as being after-tax contributions.

You may roll over to an employer plan all of a payment that includes after-tax contributions, but only through a direct rollover (and only if the receiving plan separately accounts for after-tax contributions and is not a governmental section



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457(b) plan). You can do a 60-day rollover to an employer plan of part of a payment that includes after-tax contributions, but only up to the amount of the payment that would be taxable if not rolled over.

If you miss the 60-day rollover deadline

Generally, the 60-day rollover deadline cannot be extended. However, the IRS has the limited authority to waive the deadline under certain extraordinary circumstances, such as when external events prevented you from completing the rollover by the 60-day rollover deadline. The IRS provides a self-certification procedure that you may use to show that you meet the conditions for a waiver. For more information, see IRS Revenue Procedure 2016-47 and IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs).

If you were born on or before January 1, 1936

If you were born on or before January 1, 1936 and receive a lump sum distribution that you do not roll over, special rules for calculating the amount of the tax on the payment might apply to you. For more information, see IRS Publication 575, Pension and Annuity Income.

If you are an eligible retired public safety officer and your pension payment is used to pay for health coverage or qualified long-term care insurance

If you retired as a public safety officer and your retirement was by reason of disability or was after normal retirement age, you can exclude from your taxable income Plan payments paid directly as premiums to an accident or health plan (or a qualified long-term care insurance contract) that your employer maintains for you, your spouse, or your dependents, up to a maximum of \$3,000 annually. For this purpose, a public safety officer is a law enforcement officer, firefighter, chaplain, or member of a rescue squad or ambulance crew.

If you roll over your payment to a Roth IRA

If you roll over a payment from the Plan to a Roth IRA, a special rule applies under which the amount of the payment rolled over (reduced by any after-tax amounts) will be taxed. However, the 10% additional income tax on early distributions will not apply (unless you take the amount rolled over out of the Roth IRA within 5 years, counting from January 1 of the year of the rollover).

If you roll over the payment to a Roth IRA, later payments from the Roth IRA that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a Roth IRA is a payment made after you are age 59½ (or after your death or disability, or as a qualified first-time homebuyer distribution of up to \$10,000) and after you have had a Roth IRA for at least 5 years. In applying this 5-year rule, you count from January 1 of the year for which your first contribution was made to a Roth IRA. Payments from the Roth IRA that are not qualified distributions will be taxed to the extent of earnings after the rollover, including the 10% additional income tax on early distributions (unless an exception applies). You do not have to take required minimum distributions from a Roth IRA during your lifetime. For more information, see IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs) and IRS Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs).

You cannot roll over a payment from the Plan to a designated Roth account in an employer plan.



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If you are not a plan participant

Payments after death of the participant. If you receive a distribution after the participant's death that you do not roll over, the distribution will generally be taxed in the same manner described elsewhere in this notice. However, the 10% additional income tax on early distributions and the special rules for public safety officers do not apply, and the special rule described under the section "*If you were born on or before January 1, 1936*" applies only if the participant was born on or before January 1, 1936.

- *If you are a surviving spouse*

If you receive a payment from the Plan as the surviving spouse of a deceased participant, you have the same rollover options that the participant would have had, as described elsewhere in this notice. In addition, if you choose to do a rollover to an IRA, you may treat the IRA as your own or as an inherited IRA.

An IRA you treat as your own is treated like any other IRA of yours, so that payments made to you before you are age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies) and required minimum distributions from your IRA do not have to start until after you are age 70½.

If you treat the IRA as an inherited IRA, payments from the IRA will not be subject to the 10% additional income tax on early distributions. However, if the participant had started taking required minimum distributions, you will have to receive required minimum distributions from the inherited IRA. If the participant had not started taking required minimum distributions from the Plan, you will not have to start receiving required minimum distributions from the inherited IRA until the year the participant would have been age 70½.

Under current IRS guidance, effective June 26, 2013, same-sex couples legally married in a jurisdiction with laws authorizing same-sex marriage will be treated as married for federal tax purposes and the rules described in this Notice for surviving spouses will be applicable. Note that individuals who are in registered domestic partnerships, civil unions, or other similar relationships that may be recognized under state law but are not considered a legal marriage under state law, will not be treated as married for federal tax purposes. Individuals who are not considered married spouses for federal tax purposes would be covered by the rules described under the section below titled "*If you are a surviving beneficiary other than a spouse.*"

Note that California state law recognizes same-sex spouses and, for California state tax purposes, also treats registered domestic partners in the same manner as spouses. This means that it appears there will continue to be a difference in treatment of registered domestic partners for federal and California tax purposes. This area of the law is evolving and anyone affected by these situations may wish to consult with a professional financial or tax advisor.

- *If you are a surviving beneficiary other than a spouse*

If you receive a payment from the Plan because of the participant's death and you are a designated beneficiary other than a surviving spouse, the only rollover option you have is to do a direct rollover to an inherited IRA. Payments from the inherited IRA will not be subject to the 10% additional income tax on early distributions. You will have to receive required minimum distributions from the inherited IRA.

Payments under a qualified domestic relations order. If you are the spouse or former spouse of the participant who receives a payment from the Plan under a qualified domestic relations order (QDRO), you generally have the same options the participant would have (for example, you may roll over the payment to your own IRA or an eligible employer plan that will accept it). Payments under the QDRO will not be subject to the 10% additional income tax on early distributions.

If you are a nonresident alien

If you are a nonresident alien and you do not do a direct rollover to a U.S. IRA or U.S. employer plan, instead of withholding 20%, the Plan is generally required to withhold 30% of the payment for federal income taxes. If the amount withheld exceeds the amount of tax you owe (as may happen if you do a 60-day rollover), you may request an income tax refund by filing Form 1040NR and attaching your Form 1042-S. See Form W-8BEN for claiming that you are entitled to a reduced rate of withholding under an income tax treaty. For more information, see also IRS Publication 519, U.S. Tax Guide for Aliens, and IRS Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities.



San Bernardino County Employees'
Retirement Association

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Other special rules

- If a payment is one in a series of payments for less than 10 years, your choice whether to make a direct rollover will apply to all later payments in the series (unless you make a different choice for later payments).
- If your payments for the year are less than \$200, the Plan is not required to allow you to do a direct rollover and is not required to withhold for federal income taxes. However, you may do a 60-day rollover.
- You may not elect to have separate portions of an eligible rollover distribution directly rolled over to multiple trustees or custodians.
- You may have special rollover rights if you recently served in the U.S. Armed Forces. For more information, see IRS Publication 3, Armed Forces' Tax Guide.

For More Information

You may wish to consult with SBCERA, or a professional tax advisor, before taking a payment from the Plan. Also, you can find more detailed information on the federal tax treatment of payments from employer plans in: IRS Publication 575, Pension and Annuity Income; IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs); IRS Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs); and IRS Publication 571, Tax-Sheltered Annuity Plans (403(b) Plans). These publications are available from a local IRS office, on the web at www.irs.gov, or by calling 1-800-TAX-FORM.

If you have additional questions after reading this notice, please contact SBCERA at
(909) 885-7980 or toll free at 877-722-3721.