



San Bernardino County Employees'  
Retirement Association

## Your Options at Separation

P: 909.885.7980 | E: [memberservices@sbcera.org](mailto:memberservices@sbcera.org) | [sbcera.org](http://sbcera.org)

### Submit this Form:

**Mail** | 348 W. Hospitality Lane Suite 100,  
San Bernardino, CA 92408  
**Fax** | 909.884.1904  
**Online** | [SBCERA.org/mySBCERA](http://SBCERA.org/mySBCERA)

Members who voluntarily or involuntarily separate employment with any SBCERA participating employer have certain rights and options regarding their SBCERA account. These instructions provide you with an overview of your options to help you decide what to do with your account.

Make sure to read all instructions and enclosed information before completing this form. If you need further clarification, please call SBCERA at (909) 885-7980 or toll free at (877) 722-3721.

### Understanding Your Membership Status

**Vested Members:** If you have five (5) or more years of service credit, you are a vested member and you qualify for a lifetime retirement benefit. Your years of service credit include your SBCERA membership and any reciprocal service credit, if applicable. You can keep your contributions on deposit with SBCERA and defer your retirement until you meet the age and service requirements to retire listed below.

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

### Options Available to Vested Members

As a vested member, you can select any of the options below when you terminate your employment from any participating SBCERA employer. **If you do not return this form to SBCERA, your account will automatically be put into Deferred Vested status.**

#### Defer Retirement and Leave Your Contributions On-Deposit (Default)

Being vested allows you to defer your retirement. With this option, your contributions will remain on deposit with SBCERA. You will receive benefits when you service retire after meeting age and service requirements.

#### Retirement Eligibility Requirements:

**Tier 1 Vested:** Your SBCERA membership date is prior to January 1, 2013

1. You are at least 50 years of age, **and** you have the equivalent of 10 years of service credit.
2. You are a Safety Member, **and** you have the equivalent of 20 years of service credit, regardless of age.
3. You are a Safety member, **and** 50 years of age regardless of the years of service credit.
4. You are a General Member, **and** you have the equivalent of at least 30 years of service credit.
5. You are a member who has reached 70 years of age.

**Note:** For number 1-4 only, if you did not reach the required 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 so long as you are vested and elected deferred retirement.

**Tier 2 Vested:** Your SBCERA membership date is on or after January 1, 2013

1. You are a General Member, **and** at least 52 years old.
2. You are a Safety Member, **and** at least 50 years old.
3. You are a member who has reached 70 years of age.

### Options Available to Vested and Non-Vested Members

#### Leave Your Contributions On-Deposit

You may leave your funds on deposit with SBCERA and let them continue earning interest. Currently, the interest rate is based on the lesser of the six-month T-bill rate or the assumed investment earning rate.

# Termination Options

## Defer Your Retirement and Establish Reciprocity

Whether you are a **Vested Member** or **Non-Vested Member**, if you are working for another California public agency that has a reciprocal agreement with SBCERA or CalPERS, you 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 six months of your termination date with the SBCERA employer. Please consult/refer to the SBCERA website for additional reciprocity requirements. Upon your retirement, you must **submit separate applications to SBCERA and any reciprocal agency, indicating the same retirement effective date** or reciprocity will be broken, and the associated reciprocal benefits relinquished. Your retirement date with SBCERA cannot be backdated.

**Note:** Breaking reciprocity may have significant consequences. It may affect your retirement eligibility, and you may be required to pay additional retirement contributions. Please contact SBCERA before making this decision.

## Request to Refund or Rollover Your Contributions

Whether you are a **Vested Member** or **Non-Vested Member**, if you have **refundable contributions**<sup>1</sup>, 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 an IRA or an eligible employer plan. You can also rollover a partial amount to an IRA or an eligible employer plan and have the remaining funds paid to you directly.

### Notes:

If you have **only non-refundable contributions**, and are a Vested Member, your only option is deferred retirement and you may not request a refund.

If you have **both refundable and non-refundable contributions**, you may request the refundable portion of your contributions. Please contact SBCERA to verify this option is available to you.

To refund 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.

You may not request a refund if you are an active member of a reciprocal system or a member of JRS, JRS II, or STRS.

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

**Please be advised that you waive all rights to retirement benefits, including SBCERA disability and reciprocal benefits when you receive a refund or roll over your refundable contributions.**

## Options Available to Members Entering a Judges' Retirement System Plan or State Teachers Retirement System Defined Benefit Plan

If you are a member who has terminated services with a participating employer, and within six months thereafter enter membership with a Judges Retirement System plan (JRS or JRS II) or State Teachers' Retirement System (STRS), **you must elect deferred retirement**, leaving your contributions on deposit. If you elect deferred retirement, you are eligible to receive the benefits of limited reciprocity between SBCERA and JRS, JRS II, or STRS.

### Limited Reciprocity Requirements:

- Retire concurrently (on the same date) with SBCERA and JRS, JRS II, or STRS.
- Use of your final average compensation (FAC) with JRS, JRS II or STRS to calculate your benefit with SBCERA.

**Please be advised that if you are a member of JRS, JRS II, or STRS, and you refund or rollover your contributions, you forfeit any benefits available to you under limited reciprocity, and you will not be able to redeposit your withdrawn contributions if you are not an active member of SBCERA.**

<sup>1</sup> Contributions paid at the normal contribution rate to SBCERA. You are eligible to receive a refund of these contributions, your employer refundable pick-up portion (if applicable or if any), and the interest on both.

## Section 1

### Information About You

For security and identification purposes, we **require your SBCERA ID number or the last four digits of your SSN.**

Your SBCERA identification number can be accessed in your mySBCERA account.

SBCERA ID or Last Four Digits of SSN		
Last Name	First Name	Middle Initial
Mailing Address		
City	State	Zip Code
Phone Number	Personal Email Address	

## Section 2

### Termination Options

Select **only one** termination option.

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.

You may not request a refund if you are a member of a reciprocal system or a member of JRS, JRS II, or STRS.

Please select **only one** of the following termination options:

#### Leave Funds on Deposit (If selected, proceed to Section 8)

☐ I elect to leave my retirement contributions on deposit with SBCERA. I understand that SBCERA will verify my service time and process my termination election request accordingly.

If I meet the minimum service time qualifications with 5 or more years of SBCERA service credit, I elect to defer retirement. I understand that to receive retirement benefits once I am eligible, it is my responsibility to submit an application to SBCERA, applying for retirement within 60 days before the effective date of my retirement.

If I do not meet the minimum service time qualifications with at least 5 years of SBCERA service credit, I elect to keep my funds on deposit as a non-vested member of SBCERA. I will be eligible to receive a monthly retirement only when I reach age 70.

I understand that I may request my refundable contributions at any time except if I am a member of a reciprocal system or a member of JRS, JRSII, or CalSTRS.

#### Establish Reciprocity (If selected, proceed to Section 8)

☐ **Deferred Reciprocal:** I elect to leave my retirement contributions on deposit with SBCERA, and defer retirement with an intersystem transfer to: \_\_\_\_\_  
Name of Retirement System

I understand that my SBCERA contributions may not be withdrawn while I am an Active member of a 1937 Act County, CalPERS, or another reciprocal system. I have entered the new system within six months after termination of active SBCERA membership. I understand that to receive reciprocal benefits, it is my responsibility to submit separate applications to SBCERA and any reciprocal agency applying for retirement with the same effective date and with advance notice, or reciprocity will be broken, and the associated benefits will be forfeited. I further understand that SBCERA will not back date my retirement.

#### Withdraw Contributions (If selected, proceed to Section 3)

☐ I elect to withdraw my contributions.

## Section 3

### Withdrawal Options (Please include a copy of your Government Issued ID with this request)

Complete this section only if you are electing to withdraw your contributions.

#### Refund Contributions (If selected, initial below and proceed to Section 4)

☐ I elect to receive a refund of my contributions.

Please contact SBCERA to request an estimate of pre-tax dollars for rollover of contributions.

#### Rollover Contributions (If selected, initial below and proceed to Section 5)

☐ I elect to rollover my contributions to an IRA or an eligible employer plan.

#### Part Refund and Part Rollover of Contributions (If selected, initial below and proceed to Section 4)

☐ I elect to receive some portion of my contributions as a refund and elect to rollover the remaining balance to an eligible retirement plan.

The amount of money that I **do not want to rollover** but want paid directly to me is \$\_\_\_\_\_. I understand that this amount is subject to taxes.

I understand that the balance of my account, less the refund amount I requested above will be rolled over.

I understand that for the 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 FBO Mary Smith".

#### Notes:

Contributions made with after-tax dollars can be refunded but cannot be rolled over.

#### For any refunds or rollovers, keep the following tax information in mind:

**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 and fully understand the options available upon termination and have elected to withdraw my contributions. Therefore, I fully understand that by withdrawing my contributions, I hereby **waive all rights** to any future retirement benefits including service, disability, reciprocity, and survivor Benefits. I understand this decision is irrevocable once I receive my refund and/or roll over.



X \_\_\_\_\_  
Initials of Member

## Section 4

### Authorization Agreement for Direct Deposit

You must complete this section to receive your refund via direct deposit.

The account listed below must be held in your name. SBCERA is prohibited from assigning your benefit to another person, for any reason.

The Authorization Agreement for Direct Deposit must be completed, and you must attach either a voided personal check or letter from your bank. By completing this section, you are authorizing SBCERA, and the financial institution listed below to deposit your payment automatically to your account and if necessary, to adjust or reverse a deposit for an entry made in error to your account.

I hereby certify the account above is held in my name, as shown on the **attached voided personal check or letter from my bank**. This authorization will remain in effect until the refund and/or roll over has been fully processed.

#### Account Type

- ☐ Checking Account
- ☐ Savings Account



X \_\_\_\_\_  
Initials of Member

## Section 5

### Financial Information

You cannot rollover your contributions without completing this section.

Attach a copy of the Letter of Acceptance to this form.

If you are requesting a rollover, please obtain a **Letter of Acceptance** from your financial institution. SBCERA is considered a qualified retirement plan according to the Internal Revenue Code section 401 (a). This letter must include the following information:

- Your Name
- Your Account Number
- Name of Financial Institution/Eligible Plan
- Address of Financial Institution/Eligible Plan
- Request to Rollover
- SBCERA's Information
- Payment Instructions
- Acceptance of Funds

Section 6

Notification of Spouse / Registered Domestic Partner

Only complete this section if you are requesting a refund or rollover.

Government Code Section § 31760.3 requires that the current spouse be notified of the selection of benefits or change of beneficiary made by a member. **The spouse or registered domestic partner signature must be dated and acknowledged before a notary public.**

This form will be *rejected* if either Section 6 or 7 is not complete.

**If no spouse or domestic partner signature appears below in Section 6, the Justification for Non-Signature of Spouse or Registered Domestic Partner form in Section 7 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.

Spouse's or Domestic Partner's Printed Name	Date of Marriage or Registered Partnership
---	--

By my signature below, I acknowledge the selection of the termination option made herein by my spouse or registered domestic partner.



X \_\_\_\_\_  
Signature of Spouse or Registered 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: \_\_\_\_\_

## Section 7

## Justification for Non-Signature of Spouse or Domestic Partner

If you do not have a signature of spouse or registered domestic partner in Section 5, this section must be completed.

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 declare I am not able or required to obtain the signature of my spouse or domestic partner because (check only one):

You must complete the third column on the line you select.

Provide a full copy of each Dissolution Judgment where applicable.

Provide Death Certificate for your deceased spouse or registered domestic partner

Check One	Description	Must Complete if Checked
<input type="checkbox"/>	Never married or never in a legal domestic partnership.	N/A
<input type="checkbox"/>	Divorced/Legally Separated/Marriage Annulled/Domestic Partnership Terminated <b>Note:</b> Add all applicable dates.	<div>Date _____</div> <div>Date _____</div>
<input type="checkbox"/>	Widowed	<div>Date _____</div>
<input type="checkbox"/>	My current spouse or domestic partner has no identifiable community property interest in the benefit.	<div>Spouse or Domestic Partner Name _____</div>
<input type="checkbox"/>	I do not know and have taken all reasonable steps to determine the whereabouts of my current spouse or domestic partner.	<div>Spouse or Domestic Partner Name _____</div>
<input type="checkbox"/>	My current spouse or domestic partner has been advised of the application and has refused to sign the written acknowledgment.	<div>Spouse or Domestic Partner Name _____</div>
<input type="checkbox"/>	My current spouse or domestic partner is incapable of executing the acknowledgement because of incapacitating mental or physical condition.	<div>Spouse or Domestic Partner Name _____</div>
<input type="checkbox"/>	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.	<div>Spouse or Domestic Partner Name _____</div>

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

Executed on \_\_\_\_\_, at \_\_\_\_\_  
Date City, State



**X** \_\_\_\_\_  
Signature of Member

## Member Certification

I hereby request SBCERA to handle my account in the manner as selected above.

X \_\_\_\_\_  
Signature of Member                      Date







## Termination Options

### An Advisory Prepared by SBCERA

### Special Tax Notice Regarding Plan Payments and Federal Income Tax

You are receiving this notice because all or a portion of a payment you are receiving from the San Bernardino County Employees' Retirement Association ("SBCERA" or "Plan") is eligible to be rolled over to an 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.

This notice summarizes only the federal (not state or local) tax rules that might apply to your payment. Other tax rules apply for California.

#### 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 to the 10% additional income tax applies).

##### What types of retirement accounts and plans may accept my rollover?

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, IRAs are not subject to spousal consent rules, 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.

##### 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).

## Termination Options

### 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 if you were born before July 1, 1949 (age 72 if you were born on or after July 1, 1949) or after death
- Corrective distributions of contributions that exceed tax law limitations

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 the age of 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 joint lives or joint life expectancies of you and your beneficiary);
- Payments made from a governmental plan (like the Plan) 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;
- Corrective distributions of contributions that exceed tax law limitations;
- Cost of life insurance paid by the Plan;
- Payments made directly to the government to satisfy a federal tax levy;
- Payments made under a qualified domestic relations order (QDRO);
- Certain payments made while you are on active duty if you were a member of a reserve component called to duty after September 11, 2001 for more than 179 days;
- Payments excepted from the additional income tax by federal legislation relating to certain emergencies and disasters; and
- Payments up to the amount of your deductible medical expenses (without regard to whether you itemize deductions for the taxable year).

## Termination Options

### 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 payments from an IRA, including (1) payments for qualified higher education expenses, (2) payments up to \$10,000 used in a qualified first-time home purchase, (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), and (4) payments up to \$5,000 used for eligible child care and adoption expenses. .

### 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, SBCERA will perform federal income tax withholding using the default withholding rate established by the IRS. To elect out of withholding, ask SBCERA for the election form and related information.

### 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 you receive a payment that is only part of your total 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

## Termination Options

because the \$2,000 amount not directly rolled over is treated as being after-tax contributions. If you do a direct rollover of the entire amount paid from the Plan to two or more destinations at the same time, you can choose which destination receives the after-tax contributions.

Similarly, if you do a 60-day rollover to an IRA of only a portion of a payment made to you, the portion rolled over consists first of the amount that would be taxable if not rolled over (i.e., 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 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. In general, the 10% additional income tax on early distributions will not apply. However, if you take the amount rolled over out of the Roth IRA within the 5-year period counting from January 1 of the year of the rollover, the 10% additional income tax will apply (unless an exception applies).

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.

## Termination Options

### 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 were born before July 1, 1949 (or age 72 if you were born on or after July 1, 1949).

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 if you were born before July 1, 1949 (or age 72 if you were born on or after July 1, 1949).

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.



## Termination Options

### 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.

### 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 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. You also may have special rollover rights if you were affected by a federally declared disaster (or similar event), or if you received a distribution on account of a disaster. For more information on special rollover rights related to disaster relief, see the IRS website at [www.irs.gov](http://www.irs.gov).

### 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](http://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.