SBCERS
Santa Barbara County Employees' Retirement System

General Plan 5

SUMMARY PLAN DOCUMENT

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Important Notice

Retirement benefits provided through SBCERS are governed by the County Employees Retirement Law (CERL), the Public Employees' Pension Reform Act of 2013 (PEPRA), and the rules and regulations adopted by the SBCERS Board of Retirement. As laws or rules are added, amended, or interpreted by a court, certain aspects of the benefit structure described within may also be affected. Accordingly, the information presented is subject to modification.

This Summary Plan Document is intended to provide general information about membership and benefits in clear, accessible language. It does not encompass all aspects of the Retirement System, or the laws and regulations that govern it, nor does it constitute legal or tax advice. SBCERS encourages consulting with a lawyer or tax professional as needed.

The information herein reflects the current understanding of the law by SBCERS and is as accurate as possible as of the date of publication. However, nothing in this document should be regarded a legally binding interpretation or amendment of the CERL.

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Introduction

Your SBCERS retirement plan is a benefit of your employment with Santa Barbara County or one of the eleven participating employers. This Summary Plan Description summarizes certain provisions of that plan.

It is never too early (or too late) to begin thinking about one's financial security after retirement. We recommend that you read this document carefully and keep it with your important personal records for future reference. This summary plan document is designed to help you understand your retirement benefits, but it does not describe every plan provision in complete detail.

If you have questions about your retirement benefits, please contact us.

How to contact SBCERS Member Services

- **By Phone**: 1-877-568-2940
- **By Email**: **benefits@sbcers.org**
- **Online**: **www.sbcers.org**

Determine if you are using the correct document

To determine your plan membership, please refer to the chart on our website at www.sbcers.org/resources under the *Plan Membership* section. You can also find this information in your Member Statement (available at https://MySBCERS.org/). Your plan membership is determined based on your employer and membership date.

Your membership date in SBCERS is the date you were first employed in permanent full or part-time (at least 40 hours per pay period) status with any of the employers or reciprocal systems without a break in service greater than six months. Information on County of Santa Barbara bargaining units and labor agreements can be found on the County of Santa Barbara's website.

How do I know if I am a General Member?

All permanent full-time or part-time (at least 20 hours per week) non-safety employees of the County or participating employers become general members of SBCERS on the first day of employment. Only elected officials and individuals first hired at age 60 or older have the option to waive membership in the Retirement System. Employees classified as extra help, and seasonal employees are not eligible for SBCERS membership. Certain contract employees may be eligible to join SBCERS.

What is a Safety Member?

Members in sworn public safety positions are eligible for Safety Plans, which offer different benefit formulas and retirement eligibility requirements. Eligible safety members include but are not limited to sheriff and custody deputies, probation officers, fire fighters and other positions including sworn management roles within public safety departments. For questions regarding eligibility for safety retirement plans, please contact Member Services.

What is reciprocity?

Members with prior public service at another eligible California employer who have had a less than six-month break in service between that service and their current service with SBCERS are eligible for reciprocal benefits. Additional details about **Reciprocity** are provided later in this document.

Plan 5 Basic Benefit Information

Benefit formula and calculation

- Benefits under contributory General Plan 5 have a benefit calculation formula of 2% at age 57. Your calculation percentage will be lower or greater, depending on your age at retirement.
- Retirement allowances are based on the calculated average monthly salary (final average salary), age at retirement, service credit, and the payment option selected at time of retirement.

Retirement eligibility

The right to a retirement benefit is vested after five years of SBCERS and/or reciprocal service credit. Retirement may begin upon:

- Reaching age 50 with at least ten years of service credit.
- For deferred members - reaching age 50 with five years of service credit, **and** you left your funds on deposit until the date you would have reached ten years of service credit had you remained with your employer in a full-time position.
- Completing 30 years of service regardless of age, or
- Reaching age 70 regardless of years of service.
- Determination by the Board of Retirement that a member is permanently incapacitated and eligible for disability retirement benefits.

Contributions

- Both members and employers make contributions to the Retirement System during active employment.
- Member contributions are a percentage of the member's compensation earnable, with the percentage determined by the member's age at their membership date in the System and their bargaining unit.
- Depending on their bargaining unit and employer, members may pay an additional contribution on behalf of the employer based on negotiated labor agreements.

Understanding the difference between Plans 5A, 5B And 5C

The tiers vary in the percentage rates for both member and employer contributions, as well as the time period used to calculate the final average salary.

Calculated Average Monthly Salary (Final Average Salary)

- Plans 5A and 5B are based on the highest one-year (12 consecutive months) average salary.
- Plan 5C is based on the highest three-year (36 consecutive months) average salary.

Contributions

- Contribution rates as a percentage of compensation earnable are generally higher for Plan 5B due to the adoption of a "full rate" formula.

Your retirement benefit is community property

Under California law, retirement benefits accrued during a marriage or domestic partnership are considered community property. The division of this property following a dissolution of marriage or domestic partnership must conform to the County Employees Retirement Law and receive approval from the Retirement System.

General Membership Information

How is my benefit funded?

The Retirement System's operating funds come from three sources: member contributions, employer contributions, and investment earnings.

Member Contributions
Your retirement contribution rates are actuarially determined based on your age at your membership date. This rate is applied to your compensation earnable. Employers deduct your retirement contributions from your pay before taxes are withheld. All contributions paid by the member are credited to an individual member account.

Employer Contributions
Employer contribution rates are actuarially determined and are considerably higher than member contribution rates. Contributions paid by the employer are not credited to individual member accounts.

Investment Earnings
Investment earnings are based on the performance of the fund's total portfolio. The Retirement Board directs the investment of the funds, which are held for the exclusive purpose of providing benefits to participants and their beneficiaries

What is compensation earnable?

Compensation Earnable refers to the portion of your pay that is eligible for inclusion in the calculation of your average monthly salary for the purposes of determining your pension benefit. The Board of Retirement defines compensation earnable, and it generally includes regular working hours, vacation, and sick time. Compensation earnable excludes most overtime pay and individual lump sum payments along with certain other types of compensation. If you have questions about how your compensation is calculated, please contact Member Services.

What is the balance of my membership account?

Your member contributions are credited to your individual member account. Interest is credited semi-annually on June 30 and December 31 for all contributions that have been in the retirement fund for at least six months immediately prior to those dates. The amount of interest credited varies every six months, based on the yield posted to the Federal Five-Year Treasury Note as of the last business day of the interest crediting period. Your pension benefit continues even after your member contributions have been fully paid out through your monthly retirement benefit. Your defined benefit is funded by all three sources listed above.

Annual Member Statements
Annual member statements are mailed to all active, reciprocal, and deferred members. Statements contain information about contribution totals, service credit, designated beneficiary(ies), and other information. To ensure your record remains up to date, you must inform your employer's human resources or payroll division if your address changes. Deferred and reciprocal members must update their address directly with SBCERS.

MySBCERS Portal

You can check your current retirement account balance by enrolling in MySBCERS, the SBCERS online member portal.

Can I borrow against the balance of my membership account?

Members cannot borrow against their SBCERS account.

Can I request a refund for the balance of my membership account?

Active members are not eligible to receive a refund. However, members who are no longer employed by an SBCERS employer and have not retired and started receiving benefits may request a refund of their contributions. For more information on refunding your contributions refer to the **Refund of Contributions** section of this document. Reciprocal members who receive a refund of contributions from either system will forfeit reciprocal rights.

How is my service credit calculated?

Your retirement allowance is based, in part, on the amount of service credit you accumulate before retirement. Members earn service credit for the periods during which their compensation is subject to retirement deductions. Service credit is calculated on a biweekly, semi-monthly, or monthly basis, depending upon your employer's pay cycle. You may also receive up to one year of service credit for your unused accumulated sick leave at time of retirement.

- You cannot earn more than one year of service credit in any 12-month period.
- You cannot earn service credit for overtime work or non-hours-based pay (e.g. uniform allowance, unit cash).

How is my average salary (Final Average Salary) calculated?

Your retirement allowance partly depends on your final average monthly salary (FAS). SBCERS calculates your average salary using the salary rates on which your contributions were based. Not all pay codes qualify as **compensation earnable**. It is your employer's duty to provide SBCERS with accurate salary rates and pay codes. During your retirement planning process, we will review your account for discrepancies and ensure that the correct amounts have been included in your average salary calculation.

- Plans 5A and 5B use the highest average salary of 12 consecutive months of employment for full-time employees.
- Plan 5C uses the highest average salary of 36 consecutive months of employment for full-time employees.
- For part-time or intermittent employees, the highest average salary is based on the equivalent of 36 months of full-time salary, even if earned over a longer period.

Annual retirement contributions and benefit payments are subject to the limitations set by Sections 401(a)(17) and 415(b) of the Internal Revenue Code, along with any subsequent amendments. These limitations affect a small number of members. SBCERS actively monitors these limitations and will notify you if they apply to your benefit.

How do I estimate my benefit?

There are multiple ways to estimate your retirement benefit. See the next page.

Basic Retirement Benefit Estimator

If you are looking for a rough calculation based on your estimated inputs, you can use our **public benefit estimator** available in the "Active and Deferred Members" of our website at **www.sbcers.org**. This tool provides

a general estimate and is best suited for those exploring potential benefits or considering employment with an SBCERS employer but who are not yet members of the system.

MySBCERS Benefit Estimator

If you are an existing member, visit **https://mysbcers.org** and sign up for a MySBCERS portal account. Using the "Estimate a Benefit" feature, you can generate a detailed benefit estimate based on the information stored in our pension administration system, along with custom dates that you enter. This estimator is particularly useful for estate planning and general retirement planning, allowing you to explore different retirement scenarios.

Contact SBCERS Member Services for a Benefit Estimate

Our SBCERS Member Services division is happy to meet with you virtually or in person to provide a personalized benefit estimate. During this meeting you will be able to customize your benefit estimate, ask questions about modified options, career changes, and how factors like insurance premiums will impact your retirement income security. This option is especially beneficial if you are within five years of your estimated retirement date or are considering leaving employment with one of our employers.

Manual Calculation of a Benefit Estimate

The formula below will help you estimate your **unmodified retirement benefit**. The example provided outlines the formula and the steps you need to follow to calculate your estimated retirement benefit.

Example Benefit Estimate Calculation: *This example is based on a member retiring at age 62, with a $5,000 monthly average salary and 30 years of service credit. The monthly retirement allowance can be calculated in four steps:*

1	Multiply your highest average monthly salary by 0.02.	$5,000 x 0.02= $100.00
2	Multiply the result of step 1 by your total years of service (years and fractions of years).	$100.00 x 30 = $3,000.00
3	Use your age at retirement (to the nearest completed quarter year) to find your retirement factor in the table below.	Age 62 = 1.3093
4	Multiply the result of step 2 by the retirement factor.	$3,000.00 x 1.3093 = $3,927.90
The result in Step 4 is your monthly allowance. Note that your allowance cannot be larger than your final average monthly salary.		Monthly Allowance = $3,927.90

Schedule of retirement age factors

Age	Factor	Age	Factor	Age	Factor	Age	Factor	Age	Factor
50.00	0.6681	**52.75**	0.7775	**55.50**	0.9125	**58.25**	1.0597	**61.00**	1.2365
50.25	0.6775	**53.00**	0.7882	**55.75**	0.9262	**58.50**	1.0747	**61.25**	1.2547
50.50	0.6869	**53.25**	0.7998	**56.00**	0.9399	**58.75**	1.0898	**61.50**	1.2729
50.75	0.6962	**53.50**	0.8114	**56.25**	0.9549	**59.00**	1.1048	**61.75**	1.2911
51.00	0.7056	**53.75**	0.8230	**56.50**	0.9699	**59.25**	1.1207	**62.00**	1.3093
51.25	0.7156	**54.00**	0.8346	**56.75**	0.9849	**59.50**	1.1367		
51.50	0.7255	**54.25**	0.8472	**57.00**	1.0000	**59.75**	1.1526		
51.75	0.7355	**54.50**	0.8598	**57.25**	1.0111	**60.00**	1.1686		
52.00	0.7454	**54.75**	0.8724	**57.50**	1.0223	**60.25**	1.1855		
52.25	0.7561	**55.00**	0.8850	**57.75**	1.0335	**60.50**	1.2025		
52.50	0.7668	**55.25**	0.8987	**58.00**	1.0447	**60.75**	1.2195		

The retirement age factor stops increasing at age 62.

How Major Life Changes Affect Retirement

What happens to my membership account if I die?

The disposition of your retirement account is determined based on your years of service in the system and your employment status at the time of your passing.

Non-Service-Connected Death Before Retirement of a Non-Vested Member (Basic Lump Sum Benefit)

If you are not vested, pass away while employed, and your death is not the result of a service-connected injury or illness, your designated beneficiary may be entitled to receive a basic lump sum death benefit which consists of:

- A refund of your contributions and accumulated interest, and
- One month's final average salary for each year of your completed service, up to a maximum of six months' salary.

Non-Service-Connected Death Before Retirement of a Vested Member

If you are vested (have five or more years of service, including reciprocal time), pass away while employed, and your death is not the result of a service-connected injury or illness, your eligible surviving spouse may elect to receive an optional death allowance, which consists of:

- A lifetime monthly allowance equal to 60% of the amount you would have received if you had retired with a non-service-connected disability or service retirement, whichever is greater, or
- A reduced monthly allowance combined with a lump sum payment of one month's final average salary for each year of service, up to a maximum of six months' salary, or
- The basic lump sum death benefit (refund of contributions and accumulated interest plus one months' final average salary for each year of your completed service up to a maximum of six months' salary) paid in whole or in monthly installments over a period not to exceed 10 years, plus interest on the unpaid balance.

If you do not have an eligible surviving spouse, the legal guardian of your eligible surviving child(ren) may elect one of the available options on their behalf. If you have no surviving eligible spouse or child(ren) under the age of 18, your designated beneficiary or estate will receive only the basic lump sum death benefit.

Service-Connected Death Before Retirement

If you pass away while employed by an SBCERS employer due to a service-connected injury or illness, your eligible surviving spouse may elect a Death Allowance, which consists of a lifetime monthly allowance equal to 50% of your final average salary or the amount of a service retirement, whichever is greater.

If you have no eligible surviving spouse, the legal guardian of your eligible children may receive the payment on their behalf. The benefit is payable to unmarried children under age 18 and may continue until age 22 if they remain continuously enrolled as a full-time student at an accredited school.

If you have no surviving eligible spouse or children, your designated beneficiary or estate receives the basic lump sum death benefit.

Death of a Reciprocal Member

If you are actively employed by a reciprocal system, and have established outgoing reciprocity from SBCERS, and pass away from non-job-related causes before your retirement effective date, your eligible beneficiary(ies) may be entitled to a survivor benefit.

Death of a Deferred Vested Member

If you leave employment with an SBCERS employer, **elect to defer retirement,** and pass away before your retirement effective date, your designated beneficiary is eligible only for a refund of your contributions.

Death after retirement

Lump Sum Death Benefit

If SBCERS was the last system in which you were employed, a special lump sum death benefit of $5,000 is paid to your designated beneficiary or estate upon your passing. This payment is in addition to any benefits provided to an eligible beneficiary under the continuance option allowance you elected at retirement.

Continuance of Retirement Benefits to an Eligible Spouse or Registered Domestic Partner

Under most benefit payment options, your surviving spouse, domestic partner, or dependent child is eligible for a continuance of your retirement benefit. To be eligible for a continuance, your surviving spouse must have been married to you for at least one year before your retirement date and must have been designated as beneficiary.

A surviving spouse who was not married to you before your retirement is eligible for continuing benefits if, on the date of your death, they:

- Were designated in writing as a beneficiary,
- Had been married to you for at least two years, and
- Had attained age 55.

If you do not have an eligible spouse, but you have minor children, the continuing benefit may be payable to them until they attain age 18. If payments began before age 18, the benefit may be extended until age 22 if the child provides proof of full-time student status at an accredited school. To be eligible, your child must be unmarried and under the age of 18 at the time of your death.

If, at the time of your death, there is no eligible surviving spouse or minor children, and the total cumulative retirement allowance you received (life-to-date) does not exceed your accumulated employee contributions on deposit at the time of your retirement, your designated beneficiary will receive the remaining balance of those employee contributions as a lump sum.

Please note that, after approximately two years of retirement payments, there is usually no balance remaining.

How do I designate a beneficiary?

Your beneficiary is the individual or individuals who will receive any benefits payable from SBCERS in the event of your passing. It is important that you keep your beneficiary designation information updated to ensure your benefits are distributed according to your wishes. If you pass away and have no surviving spouse, domestic partner, or designated beneficiary, any benefits owed will be paid to your estate. A beneficiary can be a surviving spouse, minor child(ren) or any other person having an insurable interest in your life.

Insurance Code section 10110 defines insurable interest as follows:

“Every person has an insurable interest in the life and health of:

(a) Himself,
(b) Any person on whom he depends wholly or in part for education or support,
(c) Any person under a legal obligation to him for the payment of money or respecting property or services, of which death or illness might delay or prevent the performance,
(d) Any person upon whose life any estate or interest vested in him depends.”

A trust is not considered a person and does not have an insurable interest, meaning it is not eligible for continuance or survivor benefits.

You may designate a beneficiary when you become an SBCERS member. If you have a spouse or eligible domestic partner registered with the Secretary of State of California, that person is automatically your beneficiary under California's community property laws. If you designate someone other than a spouse or registered domestic partner as your beneficiary, the law may require you to obtain written, notarized, consent and a waiver of rights from your spouse or domestic partner.

To designate a beneficiary, submit a written request to SBCERS. You can obtain a beneficiary designation form from our office or download it from **www.sbcers.org.** You may request to change your beneficiary designation by submitting a new beneficiary designation form. If your spouse, domestic partner, or other beneficiary passes away before you begin receiving payments, it is important to update your beneficiary accordingly.

Domestic Partnerships

In accordance with the California Domestic Partner Rights and Responsibilities Act of 2003, California State registered domestic partners are granted the same rights and retirement benefits as married members. Requirements for registering a domestic partnership in California are listed on the California Secretary of State's website.

In this Summary Plan Document, any reference to benefits related to a spouse of a married member of SBCERS is applicable to an eligible California State registered domestic partner.

What happens to my membership account if I get a divorce?

Under California law, retirement benefits accrued during a marriage or domestic partnership are considered community property. If a dissolution of marriage or domestic partnership occurs, the division of those benefits must conform to the County Employees Retirement Law and be agreed upon by SBCERS. Dissolutions may also include additional court orders referred to as a domestic relations order (DRO). For SBCERS to respond to a DRO related to a dissolution, SBCERS must be joined as a party to the proceedings.

Dissolutions processed by SBCERS prior to retirement are commonly referred to as Model A DROs while dissolutions processed after retirement are commonly referred to as Model B DROs. If you are considering or undergoing a marital dissolution, please contact SBCERS Member Services for assistance.

SBCERS has published guidelines to **Legal Separation and Dissolution of Marriage** on our website.

Dissolution of Marriage Before Retirement (Model A DRO)

When a dissolution occurs, an active member's account is typically divided into two separate accounts as ordered by the court. Each party then gains control over their own separate account, and the non-member (ex-spouse or partner) may be eligible for:

- A refund of the accumulated contributions and interest in the non-member account, or,
- A monthly retirement allowance, payable on the earlier of either the member's or non-member's eligibility for retirement; and
- Naming a beneficiary to receive any unpaid allowance and/or contributions payable at the time of the non-member's passing.

If the member's account to be divided contains less than 5 years of service at the time of the marital dissolution, California law requires a refund of the non-member's share of accumulated contributions and interest.

It is important to keep your membership record up to date, especially if a dissolution of marriage occurs. SBCERS cannot process your retirement until the account division is complete.

Dissolution of Marriage After Retirement (Model B DRO)

The non-member ex-spouse or ex-domestic partner may receive a percentage of the retired member's retirement allowance, as ordered by the court. Generally, this benefit ends upon the member's passing

What happens to my membership account if I leave employment?

If you separate from employment with less than five years of vested service, you are not entitled to a retirement benefit unless you enter employment with another California public agency covered by a reciprocity agreement with SBCERS (see **Reciprocity** section) or reach age 70. If you have more than 5 years of service, you may choose to defer retirement and retire on the date you would have become eligible had you continued employment.

Refund of Contributions

If you elect to receive a refund, SBCERS will process it after 90 days has transpired since your bona fide separation and upon receipt of a notice from your employer confirming separation or discontinuance of service, and your completed Disposition of Retirement Account document. If you are a reciprocal member, a refund of contributions will result in the forfeiting of reciprocal benefits.

Since your SBCERS retirement plan is a qualified retirement plan, any previously untaxed part of your refund is subject to income tax. If you receive a refund before age 59½, you will owe excise taxes for early withdrawal in addition to any ordinary income taxes deferred unless the funds are timely deposited in an eligible rollover account. Receiving a lump-sum refund of interest and untaxed contributions could result in significant tax liabilities. SBCERS strongly recommends consulting with a licensed tax professional before opting for any lump sum payment to fully understand the financial implications.

Smart Retirement Planning

You can avoid excise taxes on refunded contributions and defer income taxes by rolling over the untaxed portion of your account into an IRA or other qualified retirement plan.

Deferred Retirement

If you separate from employment with an SBCERS employer, you may leave your contributions on deposit, where they will continue to accrue interest. If you have five or more years of service credit with SBCERS and/or a reciprocal retirement system, you will become eligible to elect a deferred retirement benefit on the earliest date you would have been eligible to retire had you continued employment. This is typically the later of age 50 or 10 years from the initial date of employment. If you have less than five years of service credit with SBCERS and/or a reciprocal retirement system, you will not be eligible to retire until the age of 70 unless you return to work and accrue additional service credit.

All members who leave contributions on deposit, and have not established reciprocity, are required to commence a retirement benefit or receive a refund of contributions prior to reaching the required minimum distribution age as determined by Section 401(a)(9) of Title 26 of the United States Code. If you are over age 70, contact SBCERS to confirm the date by which you must retire or withdraw your contributions from the System.

Reciprocity

You may be eligible for reciprocal retirement benefits if you:

- Separate from an SBCERS employer and begin regular employment within six months with a public agency covered by a reciprocal system, or
- Join SBCERS within six months after leaving a reciprocal system.

You may elect to establish reciprocity at any time, regardless of your length of service, provided the gap between reciprocal employers is less than six months. Once reciprocity is elected, strict limitations apply regarding whether a refund of contributions from any reciprocal system is permissible.

Establishing reciprocity provides the following benefits:

- Service under both systems counts toward service retirement eligibility.
- Your age for contribution purposes in the new system may be the same as the age at entry in the original system.
- Your highest final salary under either system will be used when calculating benefits.
- The extension of membership continues your right to service and disability retirement.

The following are important considerations when considering establishing reciprocity:

- SBCERS contributions cannot be withdrawn if you establish reciprocity with another retirement system.
- You must retire concurrently from both systems.

To receive the benefits of a deferred retirement with reciprocity, you must elect to do so in writing.

Reciprocal Systems

SBCERS has reciprocal agreements with the following California agencies:

- Another county that is subject to the County Employees Retirement Law of 1937 (CERL):

Alameda	Contra Costa	Fresno	Imperial	Kern
Los Angeles	Marin	Mendocino	Merced	Orange
Sacramento	San Bernardino	San Diego	San Joaquin	San Mateo
Santa Barbara	Sonoma	Stanislaus	Tulare	Ventura

- California Public Employees' Retirement System (CalPERS), which covers employees of the State of California and contracting counties, cities and special districts, and Independent public retirement systems by virtue of their reciprocity agreements with CalPERS, including those operated by the County of San Luis Obispo, and charter city plans.
- California State Teachers' Retirement System (CalSTRS),
- Judges' Retirement System (JRS).

SBCERS does not have a reciprocal agreement with the University of California (UC) System. For more information regarding reciprocity, please reach out to a Member Services Representative.

Can I purchase service credit for time missed due to illness or other reasons?

Yes, you may be able to purchase credit for lost service if you were on a leave of absence without pay. Eligible leave includes:

- Medical leave for personal illness
- Parental leave
- Leave due to the serious illness of a family member.

You may purchase a period not to exceed twelve (12) consecutive months in any one absence. You must return to work to be eligible to purchase service credit. You may also purchase service credit if:

- You were employed by the County before you became an SBCERS member (e.g., as an "extra help" employee), but did not receive service credit for that time. You may purchase credit for all or part of that service.
- You were called to active military service while an active SBCERS member. You may purchase credit for all or part of that service.
- You left employment with your SBCERS employer, withdrew your contributions, and later rehired. You may reacquire lost service credit by repaying the withdrawn amount with interest.

Getting Ready for Retirement

Retirement Eligibility

You may file for service retirement if you meet any of the following criteria:

- You are 50 or older and have at least 10 years of SBCERS employer or reciprocal service.
- If you are employed in a temporary, seasonal, intermittent, or part-time position:
  - You are 50 or older, and
  - You have at least five years of service, and
  - 10 years have elapsed since your first date of service.
- If you are a deferred member, you are 50 or older, and:
  - You have at least five years of service, and
  - You would have reached 10 years of service had your full-time employment at an SBCERS employer continued uninterrupted.
- You have 30 years of SBCERS employer or reciprocal service, regardless of age.
- You have reached 70 years of age, regardless of years of service.

Applying for retirement

If you are considering retiring, you can request an estimate by emailing SBCERS at **benefits@sbcers.org**. Additionally, contact details can be found under **How to Contact SBCERS Member Services**. Once you select your retirement date, you must file an application for service retirement to begin receiving your retirement allowance. Applications cannot be submitted more than 60 days before the effective date of your retirement. However, it's a good idea to notify SBCERS of your retirement plans early. Doing so allows you to receive counseling, planning assistance, and sufficient time to gather the required documents for your application.

At the time of your application, you must select one of several retirement allowance payment options. All options guarantee you a lifetime benefit, but the payment option that is best for you depends on your personal circumstances. Once your first payment is made, you may not change your payment option.

Being prepared for retirement counseling

It is important to maintain accurate records of your time as an SBCERS member. You should retain documentation related to unpaid leave (e.g. medical leave), lump sum payments received from your employer, and family changes (e.g. birth and marriage certificates, death and divorce records) affecting you or your beneficiaries.

When you are ready to discuss your retirement benefits with SBCERS, bring the following documents:

- Birth Certificate: Yours and current spouse/domestic partner's, if applicable.
- Marriage certificate/domestic partnership registration for current marriage/partnership, if applicable.
- Social Security card: Yours and spouse/domestic partner's, if applicable.
- Dissolution documents for all marital status changes and/or domestic partnership status changes that occurred during your SBCERS membership.
- Death certificate for any spouse/State of CA registered domestic partner you lost during your SBCERS membership.
- Medicare card: Yours and spouse/domestic partner's, if applicable.
- Voided check (not a deposit slip), for electronic deposit. SBCERS will not make deposits to banks domiciled outside of the United States.

Understanding your benefit payment options

When reviewing benefit payment options, be sure to consider the definitions of "surviving spouse" and of "beneficiary having an insurable interest in the life of the member." These definitions can be found in the **How do I designate a beneficiary?** section of this document.

Modified benefit payment options provide alternative continuance benefits in exchange for a reduction in your benefit allowance. The size of this reduction depends on your age and the age of your beneficiary) at the time of retirement. Upon retirement, SBCERS will provide you with details on how these benefit payment options impact your retirement benefit, helping you choose the best option for your needs.

Under Modified Options 2, 3, and 4, benefit payments are made only to the beneficiary named at the time of your retirement. You cannot elect a new beneficiary after you retire, and you may not change your payment option once the first payment of your retirement allowance is made.

Unmodified Option

The Unmodified Option provides the highly possible monthly allowance permitted by law. The benefit is paid during the retiree's lifetime, and upon the retiree's passing, provides a 60% continuance to an eligible surviving spouse for life.

Modified Option 1 – Cash Refund

Modified Option 1 provides a reduced monthly allowance in exchange for the potential of a larger death benefit for your designated beneficiaries. Under this option, your accumulated contributions are reduced at a much slower rate compared to the Unmodified Option. If you pass away before receiving the total amount of the accumulated contributions on deposit at the time of retirement, the remaining balance will be paid as a lump sum to your estate or beneficiary. This balance is typically exhausted approximately 12 years after retirement.

Receiving a lump sum refund of interest and untaxed contributions may result in significant tax liabilities for your estate or beneficiary. SBCERS strongly recommends that you consult with a licensed tax professional before selecting any lump sum payment option.

Modified Option 2 – 100% Survivor

Modified Option 2 provides a reduced monthly allowance in exchange for your beneficiary receiving 100% of the allowance you were receiving at the time of your death, whereas the unmodified option provides a 60% continuance. All payments cease after both you and your beneficiary have passed away. If you select Modified Option 2, you cannot designate a new beneficiary after retirement, even if your beneficiary predeceases you.

The amount of the reduced allowance depends on your age and your beneficiary's age at the time of retirement. An example is provided below, with amounts based on every $100 of the Unmodified Option.

> ***Modified Option 2 Example:*** *A member who retires at age 55 with a 50-year-old beneficiary is eligible to receive a monthly allowance of $100 under the Unmodified Option. If the member elects Modified Option 2, their monthly allowance is reduced to $91.87. Upon the member's passing, the beneficiary continues to receive the same $91.87 monthly allowance for the remainder of their life.*

Age of Beneficiary at Member's Retirement	Age of Member at Retirement			
	50	55	60	65
50	$94.64	$91.87	$87.80	$82.08
55	$95.65	$93.31	$89.67	$84.30
60	$96.59	$94.73	$91.69	$86.89
65	$97.42	$96.03	$93.67	$89.69

The ages shown in this table are for illustrative purposes only. A member's benefit is determined by the actual ages of both the member and their beneficiary, calculated as of the most recently completed quarter year.

Modified Option 3 – 50% Survivor

Modified Option 3 provides a reduced monthly allowance in exchange for your beneficiary receiving 50% of your benefit at the time of your death, whereas the Unmodified Option provides a 60% continuance. All payments cease after you and your beneficiary are deceased. If you select Modified Option 3, you may not select a new beneficiary after retirement, even if your original beneficiary predeceases you.

The reduced allowance amount is determined by both your age and your beneficiary's age at the time of your retirement. Below is an example calculated per $100 of the Unmodified Option.

Modified Option 3 Example: *A member who retires at age 55 with a 50-year-old beneficiary is eligible to receive an allowance of $100 each month under the Unmodified Option. If the member elects Option 3, the member's allowance is reduced to $95.76 per month. When the member dies, the beneficiary receives 50% of the allowance, i.e. $47.88, for the remainder of their life.*

Age of Beneficiary at Member's Retirement	Age of Member at Retirement			
	50	55	60	65
50	$97.24	$95.76	$93.50	$90.16
55	$97.78	$96.54	$94.56	$91.48
60	$98.27	$97.29	$95.66	$92.98
65	$98.69	$97.98	$96.73	$94.56

The ages shown in this table are for illustrative purposes only. A member's benefit is based on the actual ages of both the member and beneficiary calculated as of the most recently completed quarter of a year.

Modified Option 4 – Named Beneficiaries

Modified Option 4 provides a reduced monthly allowance during your lifetime. After your passing, your designated beneficiaries receive a continuance benefit for the remainder of their lives. The benefit amount is determined by an actuary, based on your age and the ages of your beneficiaries at the time of your retirement. Once both you and your beneficiaries have passed away, all payments stop. To be eligible to receive a continuance benefit, designated beneficiaries must have an insurable interest in your life. You may not select new beneficiaries after retirement, even if all your designated beneficiaries predecease you.

Disability Retirement

If you become permanently disabled and are unable to perform the usual job duties of all assignments within your job class, you may be eligible for disability retirement. Applications for disability retirement are processed pursuant to Article 10 of the CERL, applicable case law, and the Board of Retirement Disability Retirement Procedures.

The disability process typically takes several months to complete. However, if you are eligible for a service retirement, you may elect to take a service retirement pending resolution of your disability retirement application. The disability retirement process includes:

- A job analysis to determine the requirements of your position.
- A review of your personal medical and employment records.
- An investigation into reasonable accommodations within your job class.
- Independent medical examinations by a physician selected by SBCERS.
- Possibly an evidentiary hearing before a neutral hearing officer.

Service-connected disability

If the Board of Retirement determines that you are permanently unable to perform your usual job duties due to a medical condition or injury arising from employment, you may be eligible for a service-connected disability retirement regardless of your age or length of service. The monthly allowance of a service-connected disability retirement is 50% of your final average salary or your regular service retirement allowance, whichever is greater.

Non-service-connected disability

If you have five or more years of vested service and the Board of Retirement determines that you are permanently unable to perform your usual job duties due to a medical condition that did not arise from employment, you may be eligible for a non-service-connected disability retirement regardless of age. The monthly allowance of a non-service-connected disability retirement is generally one-third of your final average salary but may be more or less depending on your age and years of service.

For additional information about the disability retirement process, please visit our website at **https://www.sbcers.org/active-members/disability-retirement**.

Health Insurance Benefits

Continuation of health coverage (COBRA)

As you prepare for retirement, it is important to consider how you will maintain adequate health insurance coverage for yourself and your loved ones. While COBRA benefits are not provided under the provisions of your SBCERS benefit plan, you are eligible for a continuation of your employer sponsored health insurance for a period of 18 months under federal law. Additionally, California law extends coverage for an additional 18 months. This means you will be able to utilize employer sponsored health insurance plans for an additional 36 months after retirement if you remain a resident of California. Your SBCERS Member Services Specialist will provide information about the cost and terms of COBRA coverage during the retirement counseling process.

Employer-sponsored retiree health insurance benefits

Depending on your employer, General Plan 5 members are generally eligible for an employer sponsored health insurance subsidy or a healthcare reimbursement account benefit.

If your former employer offers a retiree health insurance plan, the subsidy offsets the cost of retiree health insurance premiums. Eligible members electing to receive the health insurance subsidy will receive $15 per month for each year of service credit earned with an SBCERS employer.

If you decline to participate in the employer-sponsored health plan, you may instead receive a monthly contribution to a Healthcare Reimbursement Account (“HRA”). These funds can be used to reimburse the member for eligible medical expenses. Members participating in an HRA will receive $4 per month for each year of service credit earned with an SBCERS employer.

All health insurance benefits are provided through a separate 401(h) trust that is funded by the employers. This trust is commonly known as the Other Post-Employment Benefits (“OPEB”) Fund. The OPEB Fund is financed by employers and is subject to modification by them. SBCERS acts as the plan administrator for the OPEB plan, offering counseling and transaction processing services on behalf of the employers on a reimbursement basis.

Life After Retirement

Cost of living adjustment

Each year on April 1, retirement benefits may receive a Cost-of-Living Adjustment (COLA) to reflect changes in cost of living in the prior calendar year. The COLA is determined by the percent change in the Consumer Price Index ("CPI") for All Urban Consumers in the Los Angeles-Long Beach-Anaheim, CA area. The rate of change in CPI is rounded to the nearest one-half percent to calculate the annual adjustment.

The maximum increase in benefits each year is 3.0%. If the CPI change exceeds 3.0%, the excess amount is added to your COLA bank, which can be used to supplement the COLA adjustment in years when the CPI change is below 3.0%. While it is possible that the COLA can be negative, your retirement benefit will never decrease below the amount of your base allowance at the time of your retirement.

You can follow the Cost of Living Adjustment calculation throughout the year by subscribing to the **SBCERS monthly email newsletter**.

Working after retirement

You are free to pursue post-retirement employment with other agencies or in the private sector. However, you may not receive compensation for services performed for any SBCERS employer, except in the following circumstances:

- As a juror,
- As an election officer,
- As an elected county official,
- As a member of the Retirement Board, or
- In a temporary capacity of limited duration. Additionally, your post-retirement employment must not exceed 120 days or 960 hours in a fiscal year. You should review our **Working After Retirement Guidelines** posted on the **www.sbcers.org** website.

Additional requirements and limitations may apply to post-retirement service. To avoid any potential issues, contact SBCERS if you have questions about your service, as violating these rules may result in suspension of your retirement benefit.

Keeping your account information current

Mailing Address

To ensure timely payment for any continuance benefit or beneficiary payment, SBCERS must have a current mailing address on file for both you and your beneficiary. This allows SBCERS to send important tax documents, forms, health insurance and other notifications. If your mailing address changes, please download a mailing address change form from **www.sbcers.org** and return it to SBCERS. To protect your account, the individual receiving the allowance must sign the necessary forms. SBCERS may also seek verbal confirmation of the address change.

Direct Deposit

Retirement allowances are deposited directly into a domestic United States bank, savings and loan, or credit union. To properly disburse your retirement benefit, SBCERS requires the full name and current mailing address of the financial institution, a signed authorization form, and acceptable support documentation for the account to which the payment is to be deposited.

SBCERS will not disburse direct deposits to accounts located outside of the United States.

Income Taxes

Your retirement benefits may be subject to federal and state income tax. SBCERS Member Services Representatives cannot provide tax advice. We recommend that you consult a tax professional or administration agency for guidance. Each year before January 31, SBCERS will issue a Form 1099-R to assist you in filing your tax returns.

Health Insurance Open Enrollment

SBCERS hosts an annual open enrollment period, typically in the fall, for coverage beginning January 1. Open enrollment is a qualifying event for all retirees, allowing you to modify your health insurance options based on your needs.

SBCERS will send you information regarding health insurance options for the upcoming year, coverage costs and policy changes. For more details, visit the Retired Member Section: Health Insurance at **www.sbcers.org**

Medicare Eligibility

At some point during your retirement, you will likely become eligible for Medicare, typically on your 65th birthday. SBCERS Medicare coordinated health insurance options are generally more affordable than early retiree health insurance option.

To ensure a smooth transition, contact SBCERS at least 90 days prior to signing up for Medicare. SBCERS can connect you with resources to support your decision making, assist in evaluating your options, and adjust your insurance enrollment accordingly.