

SBCERS

Santa Barbara County Employees' Retirement System

Summary Plan Description General Member Plan 5

SBCERS

Santa Barbara County Employees' Retirement System

Gregory E. Levin, CPA
Chief Executive Officer

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Dear Member:

Your retirement plan is a major benefit of your employment with Santa Barbara County Santa Barbara County Superior Courts, and the nine Special Districts, all of which participate in SBCERS. This booklet summarizes certain provisions of that plan. We recommend that you read this booklet carefully and keep it with your other 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. Nothing in this booklet should be considered a legally binding interpretation or amendment of the County Employees' Retirement Law of 1937 (CERL). Benefits under this plan are determined and governed by the CERL and the rules and regulations of the Board of Retirement.

If you have questions about your retirement benefits, or wish to make an appointment for a private consultation, contact the Retirement Office. We encourage you to visit our website at www.sbcers.org. There you will find helpful news and information about the Retirement System along with retirement planning tools, forms, and the name and office location of your Retirement Benefits Specialist.

Respectfully,



Gregory E. Levin, CPA
Chief Executive Officer

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Introduction

Regardless of age, it is never too early to begin thinking about one's financial security after retirement. A crucial component of SBCERS mission is the commitment to assist our members as they make informed decisions about their financial future, at each stage of their career. Accordingly, we are pleased to present the General Members Plan 5 Handbook which is intended to assist SBCERS members better understand their retirement benefits.

Retirement benefits provided through SBCERS are governed by the Public Employees' Pension Reform Act of 2013 or "PEPRA", the County Employees Retirement Law or "CERL", as well as rules and regulations of SBCERS, as adopted by its Board of Retirement. As laws or rules are added or amended, some aspects of the benefit structure described within may change without notice. Accordingly, the information in this Handbook is subject to modification and change without notice.

In providing this Handbook, SBCERS does not intend to encompass all aspects of the Retirement System, or the laws and regulations that govern it; rather, the intent is to provide general information about membership and benefits in "plain" language. The information provided is not intended to constitute legal or tax advice and SBCERS recommends consulting with a lawyer or tax professional as appropriate, when the need arises. The information herein presents the current understanding of the law by SBCERS staff and is as accurate as possible as of the date of publication.

Highlights

GENERAL PLANS 5A, 5B and 5C 2% at age 57

- Both members and employers make contributions to the Retirement System during active employment. Member contributions are a percentage of salary based on age, membership in the Retirement System, and bargaining unit.
- Retirement allowances are based on average monthly salary, age at retirement, service credit, and the payment option selected.
- The right to a retirement benefit is vested after five years of County and/or Reciprocal service credit.
- Retirement may begin upon:
 - Attainment of age 50 with at least 5 years of County and/or Reciprocal service credit and 10 years have elapsed since the date of membership, or
 - Completion of 30 years of service credit regardless of age, or
 - Attainment of age 70 regardless of service.
- If a member becomes permanently disabled, there may be eligibility for disability retirement benefits.
- There are a variety of payment options available upon retirement.
- In the case of death before retirement, a designated beneficiary(ies) may be eligible for a benefit.

GENERAL PLAN 2

2% at age 65, integrated with Social Security

This plan was closed to new membership January, 1999.

- The member does not make contributions to the Retirement System during participation in General Plan 2.
- Contributions to SBCERS are made by the employers. These contributions are held in trust and invested for the long term.
- The retirement allowance is based on the member's Social Security Allowance at age
 - 65, the highest average pensionable compensation of 36 non-consecutive months of employment, age at retirement, service credit, and the payment option selected. Thirty-six (36) months of compensation, consisting of three (3) separate periods of twelve (12) consecutive months of compensation, whether or not those twelve (12) month periods are consecutive.
- A member is vested (that is, has a right to receive a retirement allowance) after earning ten years of County and/or Reciprocal service.
- An active member or beneficiary may receive benefits from **outside** the plan if the member becomes disabled or dies before retiring.
- A member is eligible to retire upon:
 - Attainment of age 55
 - Has earned at least 10 years of County and/or Reciprocal service, and
 - 10 years have elapsed since date of membership.
- There are various payment options available upon retirement.
- General Plan 2 service cannot be converted to General Plan 5 with a service
 - purchase option. The last opportunity to do so closed on June 30, 2002.
- Upon becoming vested in General Plan 2 (earned 10 years of service credit), the member may elect to enter the applicable contributory plan (5A, 5B, or 5C).

MEMBERSHIP

All full-time or permanent part-time (at least 20 hours per week) employees of the County or other participating employers become members of SBCERS on the first day of employment. Only elected officials and persons first employed at age 60 or older may 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. Certain contract employees are eligible.

There are four plans in which **General** members are enrolled: Plan 2, Plan 5, Plan 7 and Plan 8. **This book addresses the benefits for General Plan 2 and General Plan 5.**

- Benefits under contributory General Plan 5 have a benefit formula of 2% at age 57. There are three tiers – 5A, 5B and 5C. The tiers differ in the percentage rate of member and employer contributions and in the time period used for determining final average salary. Plans 5A and 5B are based on a one-year (12 consecutive months) final average salary, while Plan 5C is based on a three-year (36 consecutive months) final average salary.
- Benefits for non-contributory General Plan 2 have a benefit formula of 2% at 65 per year of service (maximum 35 years) plus 1% of final average salary per year of service in excess of 35 (maximum 10 years) and are reduced by 1/35 of the member’s Social Security benefit as of age 65 per year of service (maximum 35 years). Plan 2 uses a three-year (36 highest non -consecutive months) final average salary consisting of three (3) separate periods of twelve (12) consecutive months of compensation, whether or not those twelve (12) month periods are consecutive.

Unless the member elected General Plan 2 (enrollment into Plan 2 ceased on January 11, 1999), the member is enrolled in either General Plan 5 , General Plan 7 or General Plan 8. The most recent membership date and bargaining unit determines the Plan and tier that the member is enrolled in.

| Plan Assignment is | if Membership Date is and | if Bargaining Unit is: |
|--------------------|---|---|
| General Plan 2 | Jul 1, 1986 thru Jan 10, 1999 | By Member Election |
| General Plan 5A | Before Oct 10, 1994 | Not Applicable |
| General Plan 5B | On or After Oct 10, 1994 | 10, 11, 14, 15, 17, 20, 35, 36, 40, 41, 42 or 43. |
| General Plan 5C | On or After Oct 10, 1994 and Before June 24, 2012 | 21, 22, 23, 24, 25, 26, 27, 28, 29 or 32. |
| General Plan 7 | On or After June 25, 2012 and Before Jan 1, 2013 | 21, 22, 23, 24, 25, 26, 27, 28, 29 or 32. |
| General Plan 8 | On or After Jan 1, 2013 | Not Applicable |

Contributions

The Retirement System's operating funds come from three sources:

1) member contributions; 2) employer contributions, and; 3) investment earnings.

Member contribution rates are actuarially determined on the basis of each member's age on entry into the Retirement System. These rates are individually applied to each member's pensionable compensation. Most employers deduct your retirement contributions from your pay before taxes are withheld.

Employer contribution rates are actuarially determined and are considerably higher than member contribution rates.

Investment earnings are based on the performance of the total portfolio of the fund.

Interest is credited semi-annually every June 30 and December 31 on all contributions in the retirement fund which have been on deposit for six months immediately prior to that date. Interest on employer contributions is paid at the actuarial assumed rate while interest on member contributions varies every 6 months based on the yield posted to the Federal Five-Year Treasury Note as of the last business day of the interest crediting period. After separation from service, no further interest is credited to a member's account unless the member is eligible for deferred retirement or is employed by another agency covered by reciprocity within six months of the member's separation date (see "Disposition of Contributions After Separation" for details).

The Retirement Board has exclusive control of the investment of Retirement System funds, which are held for the exclusive purpose of providing benefits to participants and their beneficiaries.

The Board manages these funds in the interest of providing benefits to participants and their beneficiaries, minimizing employer contributions, and defraying the system's expenses. It manages them with prudence and diligence, and diversifies investments to minimize risk and maximize return.

Active members cannot borrow against or receive a refund of any portion of their account.

Membership Statements

Annual member statements are mailed to each active, reciprocal and deferred member. Statements contain information on contribution totals, service credit and other personal information. To keep your records current, you must inform the payroll clerk in your department if you have a change of address.

You may learn your current retirement account balance by checking your county on-line Employee Self-Service (ESS) account, calling your Benefit Specialist or by sending a written request to the Retirement Office.

Beneficiary Designation

Your beneficiary is the person or people who receive any benefits payable from the retirement plan in the event of your death. A beneficiary can be a surviving spouse, minor child(ren) or any other person having an insurable interest in the life of the member. An insurable interest is defined in Insurance Code section 10110 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.”

You must designate a beneficiary when you become a Retirement System member. If you have a spouse or eligible domestic partner, that person is your beneficiary under community property laws in California. In the event that someone other than a spouse is a designated beneficiary, the law may require that you obtain your spouse’s/domestic partner’s written, notarized consent and waiver of rights.

To designate a beneficiary, submit your written request to the Retirement office. You may obtain a beneficiary designation form from the Retirement Office or from the web at www.sbcers.org. You may change your beneficiary designation at any time before you retire by submitting a new beneficiary designation form to the Retirement Office. If your spouse, domestic partner, or other beneficiary dies before you begin receiving payments, you should name a new beneficiary.

It is important that you keep your beneficiary designation up to date. If you die and have no surviving spouse, domestic partner, or beneficiary, any benefits owed are paid to your estate. A trust is not a person and does not have an insurable interest, and therefore is not eligible for a continuance or survivorship.

Domestic Partnerships

In accordance with the California Domestic Partner Rights and Responsibilities Act of 2003, registered domestic partners will be granted the same rights and retirement benefits as are currently provided to married members. In order to register with the State of California, domestic partners must meet the following requirements:

- Both persons have a common residence,
- Both persons are at least 18 years of age, and
- Both persons are members of the same sex, or at least one of the persons is over the age of 62 and meets the Social Security Act criteria.

In this Summary Plan Description, any reference to benefits related to the spouse of a married member of the SBCERS is applicable to an eligible registered domestic partner as well.

Dissolution of Marriage or Domestic Partnership

Under California law, retirement benefits accrued during a marriage or domestic partnership are considered community property. The division of this property as the result of a dissolution of marriage or domestic partnership must conform to the County Employees Retirement Law and be agreed to by the Retirement System. Dissolutions may include additional court orders referred to as a domestic relations order (DRO). In order for the Retirement System to respond to a DRO issued in connection with 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. The Retirement System has developed guidelines to assist members undergoing dissolution of a marriage or domestic partnership. Contact the Retirement Office for a copy of the guidelines.

Dissolution Prior To Retirement - MODEL A DRO

Typically an active member's account is divided into two separate accounts as ordered by the court. After the member's account is split, each party gains control over his/her separate account and the non-member (ex-spouse or partner) may be eligible to:

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

Dissolution 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.

Disposition of Contributions After Separation

Withdrawal of Contributions

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 section on “Reciprocal Service”). If you are not entering a reciprocal system you are entitled to a refund of your contributions and interest, or you may leave your contributions on deposit in anticipation of a return to County service. Retirement accounts of non-vested, non-reciprocal members do not earn interest after separation from regular employment. A refund is made after receipt of:

- Notice from the employer of separation or discontinuance of membership, and
- Completed Disposition of Retirement Account document.

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

Deferred Retirement

If you separate from county service with more than five years of service credit, you may leave your contributions on deposit and take a Deferred Retirement upon reaching eligibility. To receive a deferred retirement, you must be vested and:

- Leave your contributions in the system until you would have been eligible for retirement had you remained in service, and
- Apply to the Retirement Office to begin payment of benefits at least 6 months before your desired retirement date IF you intend to elect an optional benefit payment method, or
- Begin receiving a retirement allowance by April 1 of the year following the year in which you attain age 70½.

You may cancel your deferred retirement election and withdraw your contributions at any time before age 70½. The accounts of deferred vested members continue to be credited with interest semi-annually.

SERVICE CREDIT

Your retirement allowance is based, in part, on the amount of retirement service credit accumulated prior to retirement. Members receive retirement service credit for the period of time for which their compensation is subject to retirement deductions. Service credit is computed on either a biweekly, semi-monthly or monthly basis depending upon your employer's pay cycle. You cannot earn more than one year of service credit in any 12 month period. Under the circumstances described below, you may be eligible to increase your retirement allowance by purchasing service credit. Contact the Retirement Office for details.

Sick Leave

You may receive up to one year of service credit for your unused accumulated sick leave at time of retirement.

Purchasing Credit for "Lost" Service

You may purchase credit for lost service if:

- You were employed by the County before you became an SBCERS member (as "extra help," for example), and you did not receive service credit under this plan for that service. You may purchase credit for all or part of that service.
- You were on leave of absence without pay for medical reasons. You may purchase a period not to exceed twelve (12) consecutive months in any one absence for a medical leave of absence. You need to return to work from your medical leave into a position covered by SBCERS in order to be eligible to purchase this service credit.
- You left employment with the County, you withdrew your contributions from the plan while you were gone, and you were rehired. You may reacquire the resulting lost service credit by repaying the withdrawn amount with interest.

Purchasing Credit for Prior Public Service

If you were enrolled in the Retirement System before July 15, 1977, you may purchase credit for periods of public service for which you did not receive service credit under this plan. Public service is defined as service as an officer or an employee of:

- Any federal or state agency or department,
- Any city or county in the state of California, or
- Any public corporation, municipal corporation, or public district that is either in whole or in part within Santa Barbara County.

Purchasing Additional Retirement Credit

Pursuant to Government Code Section 7522.46. (a) A public retirement system shall not allow the purchase of nonqualified service credit, as defined by Section 415(n)(3)(C) of the Internal Revenue Code of 1986 (26 U.S.C. Sec. 415(n)(3)(C)).

- (b) Subdivision (a) shall not apply to an official application to purchase nonqualified service credit that is received by the public retirement system prior to January 1, 2013, that is subsequently approved by the system.

RECIPROCAL SERVICE

Reciprocal retirement benefits are available to you if you either:

- enter service with Santa Barbara County within 180 days of leaving employment with a California public agency covered by a reciprocal retirement system, or
- leave County service and within 180 days begin regular employment with a public agency covered by a reciprocal system.

Reciprocal systems include:

- Another county that is subject to the County Employees Retirement Law of 1937 (CERL). The 1937 Act Counties are:

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

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

If you enter a reciprocal system within six months, you may elect to establish reciprocity regardless of your length of service. To receive the benefits of a deferred retirement with reciprocity, you must elect to do so in writing. There are several advantages to establishing reciprocity:

- Service under both systems is used in determining eligibility for service retirement.
- In the new system, your age for contribution purposes may be the same as your age when you entered the original system.
- Your highest final average salary under either system is used when calculating benefits.

Contributions cannot be withdrawn under reciprocity. Extension of membership continues your right to service and disability retirement, and you must retire under both systems concurrently.

CLAIMING RETIREMENT BENEFITS

Qualifications for Service Retirement

You may file for service retirement if you:

- Are age 50 or older and have at least 5 years of County/reciprocal service (excluding prior public service and additional retirement credit), and 10 years have elapsed since your date of membership, or
- Have retirement credit of 30 years of County/reciprocal service (excluding prior public service and additional retirement credit), regardless of age, or
- Have reached age 70.

Application For Service Retirement

If you are thinking about retiring, you can request an estimate by writing, faxing, or e-mailing the Retirement Office (contact information for the Retirement Office is listed under “Administrative Information”). Once you choose your retirement date, you must file an application for service retirement to begin receiving your retirement allowance. You cannot file your application more than 60 days before the effective date of your retirement. However, it’s a good idea to notify the Retirement Office of your intentions before applying. Then you can receive counseling and information to help you plan for your retirement and obtain the documents that must accompany your application.

You may choose from several retirement allowance payment options. All of them guarantee you a lifetime benefit, but the payment option that is best for you depends on your personal circumstances. **You may not change your payment option once the first payment of any retirement allowance is made.**

RETIREMENT BENEFITS

The amount of your monthly retirement allowance is based on four factors:

- Your age at retirement,
- Your total service credit,
- Your final average monthly salary, and
- The payment option you select.

No restrictions or conditions are applied to benefits regarding other income, Social Security benefits, place of residence, designated address for mailing of warrants, etc. However, there are limits on the amount of county work you can be paid for while receiving an allowance. See “County Work After Retirement” for details.

Retirement and survivor allowances are generally paid for life. An exception is for survivor benefits paid to surviving children. These payments stop:

- When the child attains the age of 18, unless the child is a full-time student.
- If the child is a full-time student, payments end when the child attains age 22.
- When the child marries, regardless of age.

Final Average Salary

Your retirement allowance is based, in part, on your final average monthly salary (FAS). When computing FAS, the Retirement System relies on the salary rates on which your contributions were based. Not all pay codes are pensionable. It is your employer’s responsibility to provide the correct salary rates and pay codes to the Retirement System.

- Plan 5A and Plan 5B full-time employees have the highest average salary of 12 consecutive months of employment.
- Plan 5C and part-time employees have the highest average salary of 36 consecutive months of employment. Part-time salary is converted to full-time equivalent salary.
- Plan 2 employees have the highest average salary of 36 non-consecutive months of employment. Thirty-six (36) months of compensation, consisting of three (3) separate periods of twelve (12) consecutive months of compensation, whether or not those twelve (12) month periods are consecutive

NOTE: Annual retirement benefits that you may receive are subject to the limitations of Sections 401(a)(17) and 415 of the Internal Revenue Code and subsequent amendments. These limitations apply to very few of SBCERS’ members. The Retirement Office will notify you if these limitations affect you.

Payment Options

At the time of filing an application for retirement benefits, you must select one of five different payment options. You may not change your payment option once the first payment of any retirement allowance is made.

Descriptions of the Unmodified and Options 1, 2, 3 and 4 follow. When reading these options, please keep in mind the definition of “surviving spouse” and the definition of “beneficiary having an insurable interest in the life of the member,” which are explained in the “Beneficiary Designation” section.

Unmodified Option - Plans 5A, 5B, 5C and 7A

The unmodified option provides you with the largest monthly allowance possible under the law. It is paid during the lifetime of the retiree and, at the time of death, provides a 60% continuance of the allowance to an eligible surviving spouse for life.

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, he or she:

- Was designated in writing as a beneficiary,
- Was married to you for two years or more, and
- Has attained age 55.

If you do not have an eligible spouse, but you have a minor child or minor children, the continuing benefit may be payable to them until they attain age 18 (the benefit may be extended if payment began before age 18 and the child can provide proof of full-time student status through age 21). 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 child(ren) and the total cumulative retirement allowance received by you (life-to-date) does not exceed your accumulated contributions on deposit at the time of your retirement, your designated beneficiary shall be paid the balance of the accumulated contributions in a lump sum. Note that after approximately three years of retirement payments to you, there is usually no excess.

Computing Your Unmodified Retirement Allowance - Plans 5A, 5B and 5C

This example shows the calculation of the monthly retirement allowance for an employee retiring at age 62 with a \$5,275 monthly average salary and 20.12345 years of service credit. Your monthly retirement allowance is computed in four steps.

| | | |
|---|---|---|
| 1 | Divide your final average monthly salary by 50. | $\$5,275 / 50 = \105.50 |
| 2 | Multiply the result of step 1 by your total years of service (years and fractions of years). | $\$105.50 \times 20.12345 = \$2,123.02$ |
| 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. | $\$2,123.02 \times 1.3093 = \$2,779.67$ |
| 5 | The result in Step 4 is your monthly allowance. Note that your allowance cannot be larger than your final average monthly salary. | Monthly Allowance = \$2,779.67 |

Retirement Factors

| Age | Factor |
|-------|--------|
| 50.00 | 0.6681 |
| 50.25 | 0.6775 |
| 50.50 | 0.6869 |
| 50.75 | 0.6962 |
| 51.00 | 0.7056 |
| 51.25 | 0.7156 |
| 51.50 | 0.7255 |
| 51.75 | 0.7355 |
| 52.00 | 0.7454 |
| 52.25 | 0.7561 |
| 52.50 | 0.7668 |
| 52.75 | 0.7775 |
| 53.00 | 0.7882 |
| 53.25 | 0.7998 |
| 53.50 | 0.8114 |
| 53.75 | 0.8230 |
| 54.00 | 0.8346 |
| 54.25 | 0.8472 |
| 54.50 | 0.8598 |
| 54.75 | 0.8724 |

| Age | Factor |
|-------|--------|
| 55.00 | 0.8850 |
| 55.25 | 0.8987 |
| 55.50 | 0.9125 |
| 55.75 | 0.9262 |
| 56.00 | 0.9399 |
| 56.25 | 0.9549 |
| 56.50 | 0.9699 |
| 56.75 | 0.9849 |
| 57.00 | 1.0000 |
| 57.25 | 1.0111 |
| 57.50 | 1.0223 |
| 57.75 | 1.0335 |
| 58.00 | 1.0447 |
| 58.25 | 1.0597 |
| 58.50 | 1.0747 |
| 58.75 | 1.0898 |
| 59.00 | 1.1048 |
| 59.25 | 1.1207 |
| 59.50 | 1.1367 |
| 59.75 | 1.1526 |

| Age | Factor |
|-------|--------|
| 60.00 | 1.1686 |
| 60.25 | 1.1855 |
| 60.50 | 1.2025 |
| 60.75 | 1.2195 |
| 61.00 | 1.2365 |
| 61.25 | 1.2547 |
| 61.50 | 1.2729 |
| 61.75 | 1.2911 |
| 62.00 | 1.3093 |

Computing Your Unmodified Retirement Allowance - Plan 7A

At age 61¼ with a \$5,275 monthly average salary and 20.12345 years of service credit. Your monthly retirement allowance is computed in four steps.

| | | |
|---|---|---|
| 1 | Divide your final average monthly salary by 60. | $\$5,275 / 60 = \87.92 |
| 2 | Multiply the result of step 1 by your total years of service (years and fractions of years). | $\$87.92 \times 20.12345 = \$1,769.19$ |
| 3 | Use your age at retirement (to the nearest completed quarter year) to find your retirement factor in the table below. | Age 61¼ = 1.2097 |
| 4 | Multiply the result of step 2 by the retirement factor. | $\$1,769.19 \times 1.2097 = \$2,140.19$ |
| 5 | The result in Step 4 is your monthly allowance. Note that your allowance cannot be larger than your final average monthly salary. | Monthly Allowance = \$2,140.19 |

Retirement Factors

| Age | Factor | Age | Factor | Age | Factor |
|-------|--------|-------|--------|-------|--------|
| 50.00 | 0.7091 | 55.00 | 0.8954 | 60.00 | 1.1500 |
| 50.25 | 0.7183 | 55.25 | 0.9061 | 60.25 | 1.1611 |
| 50.50 | 0.7274 | 55.50 | 0.9168 | 60.50 | 1.1723 |
| 50.75 | 0.7366 | 55.75 | 0.9275 | 60.75 | 1.1835 |
| 51.00 | 0.7457 | 56.00 | 0.9382 | 61.00 | 1.1947 |
| 51.25 | 0.7547 | 56.25 | 0.9498 | 61.25 | 1.2097 |
| 51.50 | 0.7637 | 56.50 | 0.9614 | 61.50 | 1.2247 |
| 51.75 | 0.7726 | 56.75 | 0.9730 | 61.75 | 1.2398 |
| 52.00 | 0.7816 | 57.00 | 0.9846 | 62.00 | 1.2548 |
| 52.25 | 0.7907 | 57.25 | 0.9972 | 62.25 | 1.2707 |
| 52.50 | 0.7999 | 57.50 | 1.0098 | 62.50 | 1.2867 |
| 52.75 | 0.8090 | 57.75 | 1.0224 | 62.75 | 1.3026 |
| 53.00 | 0.8181 | 58.00 | 1.0350 | 63.00 | 1.3186 |
| 53.25 | 0.8275 | 58.25 | 1.0487 | 63.25 | 1.3355 |
| 53.50 | 0.8369 | 58.50 | 1.0625 | 63.50 | 1.3525 |
| 53.75 | 0.8462 | 58.75 | 1.0762 | 63.75 | 1.3695 |
| 54.00 | 0.8556 | 59.00 | 1.0899 | 64.00 | 1.3865 |
| 54.25 | 0.8656 | 59.25 | 1.1049 | 64.25 | 1.4047 |
| 54.50 | 0.8755 | 59.50 | 1.1199 | 64.50 | 1.4229 |
| 54.75 | 0.8855 | 59.75 | 1.1349 | 64.75 | 1.4411 |
| | | | | 65.00 | 1.4593 |

Modified Options - Plans 5A, 5B, 5C and 7A

Modified options provide alternative continuance benefits in exchange for a reduction in your benefit allowance. The size of the reduction in your allowance under some options depends on your age (and, in some cases, the age of your beneficiary) when you retire. The reductions are computed at the time of your retirement and you will be informed of these amounts to help you select the plan best suited to your needs.

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

Option 1 — Cash Refund

Option 1 gives you a reduced monthly allowance in exchange for the possibility of a larger death benefit for your beneficiary. Under this option your accumulated contributions are reduced at a much slower rate than in the Unmodified Option. During retirement your accumulated contributions are reduced only by the annuity portion of the retirement allowance (annuity is the portion paid for by your own contributions). If you die before receiving the total amount of the accumulated contributions on deposit at the time of retirement, your estate or beneficiary will receive the balance as a lump sum. Note that after approximately 12 years of retirement there is usually no excess.

Option 2 — 100% Joint & Survivor

Option 2 gives you a reduced monthly allowance and, after you die, your beneficiary receives the same allowance you were receiving. All payments stop after you and your beneficiary die. **You may not select a new beneficiary after retirement, even if your beneficiary predeceases you.**

The amount of the reduced allowance depends on your and your beneficiary's ages at the time of your retirement, as shown in the table below.

The Reduced Option 2 Monthly Allowance is shown below.

Amounts are based on every \$100 of the Unmodified allowance.

| <i>Age of Beneficiary at Member's Retirement</i> | <i>Age of Member at Retirement</i> | | | |
|--|------------------------------------|---------|---------|---------|
| | 50 | 55 | 60 | 65 |
| 50 | \$95.09 | \$92.15 | \$87.73 | \$81.68 |
| 55 | \$96.05 | \$93.50 | \$89.47 | \$83.73 |
| 60 | \$96.96 | \$94.87 | \$91.37 | \$86.14 |
| 65 | \$97.77 | \$96.14 | \$93.28 | \$88.75 |

Note that the ages listed in this table are for the purpose of example only. Actual benefits are based on the member's and beneficiary's actual ages, to the last completed quarter year.

Example: A member who retires at age 55 is eligible to receive an allowance of \$100 each month under the unmodified option. If the member designates a beneficiary who is age 50 and elects option 2, the member’s allowance is reduced to \$92.15 per month. When the member dies, the beneficiary receives the same allowance for the remainder of his/her life.

Option 3 — 50% Joint & Survivor

Option 3 gives you a reduced monthly allowance and, after you die, your beneficiary receives an allowance equal to half of the allowance you were receiving. All payments stop after you and your beneficiary die. **You may not select a new beneficiary after retirement, even if your beneficiary predeceases you.**

The amount of the reduced allowance depends on your and your beneficiary’s ages at the time of your retirement, as shown in the table below.

The Reduced Option 3 Monthly Allowance is shown below. Amounts are based on every \$100 of the Unmodified allowance.

| <i>Age of Beneficiary at Member’s Retirement</i> | <i>Age of Member at Retirement</i> | | | |
|--|------------------------------------|---------|---------|---------|
| | 50 | 55 | 60 | 65 |
| 50 | \$97.48 | \$95.92 | \$93.46 | \$89.92 |
| 55 | \$97.99 | \$96.64 | \$94.44 | \$91.15 |
| 60 | \$98.46 | \$97.37 | \$95.49 | \$92.55 |
| 65 | \$98.87 | \$98.03 | \$96.52 | \$94.04 |

Note that the ages listed in this table are for the purpose of example only. Actual benefits are based on the member’s and beneficiary’s actual ages, to the last completed quarter year.

Example: A member who retires at age 55 is eligible to receive an allowance of \$100 each month under the unmodified option. If the member designates a beneficiary who is age 50 and elects option 3, the member’s allowance is reduced to \$95.92 per month. When the member dies, the beneficiary receives 50% of the allowance, i.e. \$47.96, for the remainder of his/her life.

Option 4 — Named Beneficiary or Beneficiaries

Option 4 gives you a reduced monthly allowance and, after you die, your designated beneficiary or beneficiaries receive benefits for life. The amount of the benefit is determined by an actuary based on the ages of the member and the beneficiary or beneficiaries. After you and your beneficiary or beneficiaries die, all payments stop. The beneficiary or beneficiaries must have an insurable interest in the member’s life. **You may not select a new beneficiary or beneficiaries after retirement, even if any or all of your beneficiaries predecease you.**

Unmodified Option—Plan 2

Computing Your Unmodified Retirement Allowance - General Plan 2

Plan 2 Benefit Example (using maximum 35 years of service)

This example shows the calculation of the monthly retirement allowance for an employee retiring at age 65 with a \$2,500 final average monthly salary, 11.12345 years of service credit and a Social Security estimated benefit of \$750. Your monthly retirement allowance is computed in the steps below.*

*Calculation has additional steps not listed here for members with more than 35 years of Plan 2 service.

| | | |
|---|---|--|
| 1 | Multiply your total years of service credit in Plan 2 (not to exceed 35 years) by 2%. | $11.12345 \times 0.02 = 0.22247$ |
| 2 | Multiply the result of step 1 by your final average monthly salary (your bi-weekly salary multiplied by 78 and divided by 36). | $0.22247 \times \$2,500.00 = \556.17 |
| 3 | Divide your service credit by 35. | $11.12345 / 35 = 0.31781$ |
| 4 | Multiply your estimated Social Security estimated benefit at age 65 times the result of step 3. | $\$750.00 \times 0.31781 = \238.36 |
| 5 | Subtract the result of step 4 from the result of step 2. | $\$556.17 - \$238.36 = \$317.81$ |
| 6 | The result of Step 5 is your estimated unmodified Plan 2 monthly benefit at age 65 . | Monthly Allowance = \$317.81 |
| 7 | To estimate the benefit for an early retirement age (ERA), use the table below. For example, calculate this benefit at age 56. (The Social Security benefit does not change to age 56 but remains constant, always using age 65 Social Security benefit estimate.) | Age 56 factor = 0.43 |
| 8 | Multiply the result of step 6 by the ERA factor. The result is the estimated Plan 2 monthly benefit. | $\$317.81 \times 0.43 = \136.66^{**} |

**The Actuary's calculation of the early retirement benefit is generally slightly less than our estimated benefit shown in Step 8 above.

| Age | Factor | Age | Factor | Age | Factor | Age | Factor |
|-----|--------|-----|--------|-----|--------|-----|--------|
| 55 | 0.40 | 58 | 0.52 | 61 | 0.68 | 64 | 0.91 |
| 56 | 0.43 | 59 | 0.57 | 62 | 0.75 | 65 | 1.00 |
| 57 | 0.47 | 60 | 0.62 | 63 | 0.82 | | |

Note that your allowance and Social Security combined cannot be larger than 70% of your final average monthly salary (80% if you have more than 35 years of service). **Plan 2 retirement allowances are computed by SBCERS' actuary.** In order for a Plan 2 member to retire or to obtain an estimate of the Plan 2 retirement allowance, you are **required** to obtain from the Social Security Administration, a written estimate of your **"Age 65"** benefit (primary insurance amount also known as PIA) and provide that document to SBCERS.

Members retiring under Plan 2 may elect either a fixed lifetime benefit or an allowance that is larger at the time of retirement and is reduced at age 65 to reflect the increased income from Social Security benefits.

Disability Retirement

Plans 5A, 5B, 5C and 7A

If you become permanently disabled and are unable to perform the usual duties of your position, you may be eligible for disability retirement. Applications for disability retirement are processed pursuant to Article 10 of the CERL, judicial case law and according to Board of Retirement policies. The process may include: retrieval of all medical records; investigation of alternative or accommodative assignments within your job class and department; evidentiary hearing; independent medical examinations; job analysis.

Service-Connected Disability Retirement

If you are deemed to be permanently unable to perform the duties of your job as a result of an illness or injury arising from employment, you may be eligible for a service connected disability retirement regardless of your age or length of service. After retirement for a service-connected disability, you receive a monthly allowance equal to 50% of your final average salary or your regular service retirement allowance, whichever is greater.

Non-Service-Connected Disability Retirement

If you have five or more years of vested service and are deemed to be permanently unable to perform the duties of your job due to incapacity, you may be eligible for a non-service-connected disability retirement regardless of age. The monthly non-service-connected disability benefit is generally 1/3 of your final average salary, but may be more or less depending on your age and years of service. Please contact SBCERS directly for a personalized benefit estimate.

GeneralPlan2 - Disability benefits are provided by the employer through a Long Term Disability insurance policy.

Cost-of-Living Adjustment

On April 1 of each year, all retirement allowances are adjusted in accordance with changes in the annual average cost of living based upon the Bureau of Labor Statistics Average Consumer Price Index (CPI) for All Urban consumers for the Los Angeles-Riverside-Orange County area as of the preceding January 1.

Plans 5A, 5B and 5C

The maximum increase or decrease in the allowance each year is 3%. Any change in the CPI in excess of 3% is accumulated (in your "COLA bank") and applied in a future year when the CPI change is less than 3%. Your allowance will never be decreased below the amount of your base allowance at the time of your retirement.

Plan 7A

The maximum increase or decrease in the allowance each year is 2%. Any change in the CPI in excess of 2% is accumulated (in your "COLA bank") and applied in a future year when the CPI change is less than 2%. Your allowance will never be decreased below the amount of your base allowance at the time of your retirement.

GeneralPlan2

There are no Cost of Living adjustments under General Plan 2.

Social Security Coverage

Contributions to and benefits from Social Security Administration (SSA) are, in most cases, in addition to those under the retirement plan. Only General Plan 2 has an allowance that is reduced by SSA benefits. If you are a member of Plan 5A, 5B or 5C, your SSA benefits may be subject to a reduction for the Government Pension Offset or Windfall Elimination Provision for periods of County service during which you did not contribute to SSA (such as extra-help employment). Members should check with the Social Security Administration to determine if SSA benefits will be affected by their allowance.

SURVIVOR BENEFITS

Death Before Retirement of Non-Vested Member

GeneralPlans5A,5B,5Cand7A

If you are not vested (have less than five years of service) and die while employed, and if 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 consisting 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.

GeneralPlan2

If you are not vested (have less than ten years of service) and die while employed, your designated beneficiary may be entitled to receive a basic lump sum Death Benefit consisting of a lump-sum payment of one month's final average salary for each year of service up to a maximum of six months' salary.

Death Before Retirement of Vested Member

GeneralPlans5A,5B,5Cand7A

If you are vested (have five or more years of service) and die while employed, and if 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 consisting of:

- A monthly allowance for life equal to 60% of what 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 plus 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 month's final average salary for each year of your completed service up to a maximum of six months' salary) may be paid in whole or in monthly installments over a period not to exceed 10 years, plus interest on the unpaid balance.

Under General Plans 5A, 5B and 5C, your spouse may choose the basic lump-sum Death Benefit described above under Death Before Retirement of Non-Vested Member in lieu of the monthly Optional Death Allowance.

If you do not have an eligible surviving spouse, the legal guardian of your eligible surviving child(ren) may make an election on behalf of the child(ren) from the choices described above. If you have no surviving eligible spouse or child(ren), your designated beneficiary or estate receives only the basic lump sum Death Benefit.

GeneralPlan2

If you are vested (have ten or more years of service) and die while employed, your designated beneficiary may be entitled to receive a basic lump sum Death Benefit consisting of a lump-sum payment of one month's final average salary for each year of service up to a maximum of six months' salary.

Service-Connected Death Before Retirement

General Plans 5A, 5B, 5C and 7A

If you die while employed as a result of a service-connected injury or illness, your eligible surviving spouse may elect a Death Allowance consisting of a monthly allowance for life equal to 50% of your final average salary. If you have no eligible surviving spouse, payment may be made to the legal guardian of your eligible children (unmarried children under age 18 whose benefit 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 only the basic lump sum Death Benefit.

GeneralPlan2

If you die while employed, your designated beneficiary may be entitled to receive a basic lump sum Death Benefit consisting of a lump-sum payment of one month's final average salary for each year of service up to a maximum of six months' salary.

General Plans 5A, 5B, 5C and 7A

If you defer and die before the effective date of your retirement, your designated beneficiary is eligible only for a refund of your contributions.

GeneralPlan2

If you defer and die before the effective date of your retirement, there is no benefit for your designated beneficiary.

DEATH AFTER RETIREMENT

General Plans 5A, 5B, 5C and 7A

After retirement, a special lump sum death benefit of \$5,000 is paid to your designated beneficiary or estate, in addition to any benefits provided under the continuance option allowance you elected when you retired. If you retired as a reciprocal member, the last system in which you were employed pays their lump sum death benefit.

GeneralPlan2

The \$5,000 lump sum Death Benefit is not available under General Plan 2.

OTHER IMPORTANT POST-RETIREMENT INFORMATION

County Work After Retirement

After you retire, you may not be paid for services performed for the County except:

- As a juror,
- As an election officer,
- As an elected county official,
- As a member of the Retirement Board,
- As an independent contractor, or
- In a temporary capacity not to exceed 120 days or 960 hours in a fiscal year.

Mailing Address

The Retirement Office must have your and your beneficiary's current mailing address for the mailing of information and tax documents. If there is a change of address, the Retirement Office must be given written notice promptly, and this notice must be signed by the individual receiving the allowance.

Direct Deposit

Retirement allowances are deposited directly into a bank, savings and loan, or credit union. The Retirement Office must have the full name and current mailing address of the financial institution, signed authorization and acceptable support documentation from any account to which the payment is to be deposited.

Income Tax Status

Your retirement benefits may be subject to federal and state income tax. See your tax advisor or the appropriate taxing agency for information about the tax status of your retirement allowance. Each year before January 31 you will receive a Form 1099-R from the Retirement Office to assist you in filing your taxes.

Receipt of a lump-sum refund of interest and untaxed contributions could carry significant tax penalties — check with a tax advisor before selecting an option that includes a cash refund.

ABOUT SBCERS

THE LEGAL NAME OF THE SYSTEM IS:

Santa Barbara County Employees' Retirement System

YOU MAY CONTACT US AT:

3916 State Street, Suite 100, Santa Barbara, CA 93105

Telephone: (805) 568-2940

Fax: (805) 560-1086

2400 Professional Parkway, Suite 150, Santa Maria, CA 93455

Telephone: (805) 739-8686

Fax: (805) 739-8689

E-mail: sbcers1@co.santa-barbara.ca.us

Website: www.sbcers.org

Board of Retirement

Governance of the Retirement System is the responsibility of the Board of Retirement, which consists of nine members and two alternates. They are:

- The County Treasurer,
 - Four members appointed by the Board of Supervisors (one of whom may be a County Supervisor),
 - Two members elected by active General members,
- Two members elected by retired members — one voting, one alternate, and two members elected by active Safety members — one voting, one alternate. Board members (except the County Treasurer) serve staggered three-year terms. The Board holds regular monthly meetings that are open to the public and, when necessary, special meetings may be scheduled. The current meeting schedule and agendas are posted on our website.

Annual Report

A Comprehensive Annual Financial Report (CAFR) of the Santa Barbara County Employees' Retirement System is placed on file in the Retirement Office after the close of each fiscal year end. The report provides statistical, financial, and general information concerning the Retirement System.

SBCERS

Santa Barbara County Employees' Retirement System
3916 State Street, Suite 100 877.568.2940
Santa Barbara, CA 93105 www.sbcers.org

RETURN SERVICE REQUESTED

SUMMARY PLAN DESCRIPTION GENERAL PLAN 5

SBCERS' Toll Free Number

877-568-2940

SBCERS Santa Barbara Office

3916 State Street, Suite 100
Santa Barbara, CA 93105

Phone

877 568-2940

Fax

805-560-1086

SBCERS Santa Maria Office

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Santa Maria, CA 93455