



Santa Barbara County Employees' Retirement System

General Member

Summary Plan Description

GENERAL PLAN 8

March 2015



www.sbcers.org

Santa Barbara County Employees' Retirement System

Gregory E. Levin, CPA
Chief Executive Officer

March 2015

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 8 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, therefore the information in this Handbook is subject to modification.

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 needed. 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.

General Plan 8 Highlights—2% at 62

- Member contributions are a single rate payable by all new entrant members of the plan.
- The amount of the retirement allowance is based on final compensation, age at retirement, service credit, and the payment option selected.
- A member is vested (that is, has a right to receive a retirement allowance) after earning five years of County and/or Reciprocal service.
- A member who leaves employment before vesting, may elect to withdraw the member contributions and accumulated interest. No further interest will be earned beyond the separation date.
- As an active member, eligible beneficiaries may receive benefits from the plan if the member becomes dies before retirement.
- A member is eligible to retire upon:
 - Attainment of age 52 and has at least 5 years of County and/or Reciprocal service credit , or
 - Attainment of age 70 regardless of service.
- A member who becomes permanently disabled may be eligible for disability retirement benefits.

MEMBERSHIP

All regular, full- or part-time (at least 20 hours per week) and some contract 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.

General Plan 8 members contribute a percentage of salary during their employment based on age upon entry to membership. Retirement allowances are based on a benefit formula of 2% beginning at age 62 and are calculated using a three year (36 consecutive months) final average monthly salary.

The criteria for Plan 8 Membership:

Any person hired on or after January 1, 2013 by the County of Santa Barbara or participating Special District, who does not establish reciprocity, is a member of Plan 8.

There are two categories of Plan 8 members:

- General members: all County employees, except Safety, eligible for membership. This book addresses the benefits for the **General Plan 8** membership (including Special Districts).
- Safety members: all County and Special District employees whose principal duty is active law enforcement or active fire suppression. This book does not cover Safety member benefits.

The Special District participating employers are:

- Air Pollution Control District
- Carpinteria Cemetery District
- Carpinteria-Summerland Fire Protection District
- Goleta Cemetery District
- Oak Hill Cemetery District
- Santa Barbara County Association of Governments
- Santa Barbara County Mosquito & Vector Management District
- Santa Barbara County Superior Court
- Santa Maria Cemetery District
- Summerland Sanitary District

Contributions

SBCERS is a defined benefit plan, qualified under Section 401(a) of the Internal Revenue Code. It is important for members to understand these key facts about a defined benefit plan:

- The retirement benefit is calculated based on a formula using the member's age at retirement, years of service credit and monthly final average compensation.
- The retirement benefit is not determined by how much money the member contributes into the system, but rather by the formula described above.
- General Plan 8 is a contributory plan, meaning both the member and the employer pay contributions into the system.
- Membership and contributions are mandatory.
- Member contributions are made by payroll deduction and all Plan 8 members pay a fixed, flat-rate percentage of their pensionable compensation (50/50 sharing of the "normal cost").
- Contributions are not taken on compensation above the pensionable cap, which is adjusted each year based on changes in the CPI. Each year, this amount will be determined by the fund's actuarial consultant. Accordingly, Plan 8 members' contributions rates may increase.
- Contributions are held in trust and invested for the long-term.

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

Member Statement

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 records current, the member must inform the payroll clerk in his/her department if there is a change of address.

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

Beneficiary Designation

A beneficiary is the person or people who may receive any benefits payable from the System in the event of the member's 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."

A member must designate a beneficiary upon initial membership with SBCERS. A Designation of Beneficiary Form should have been in the initial hiring package. Members who did not receive a Designation of Beneficiary Form, should contact SBCERS immediately, or go to the website, www.sbcers.org and download a form. Members who are married or have a registered domestic partner, have an "automatic" beneficiary under community property laws in California. If a member wishes to designate someone other than a spouse or domestic partner as the designated beneficiary, the law may require the member to obtain the spouse's/domestic partner's written, notarized consent and waiver of rights.

Notwithstanding the information stated above, a member may change a designated beneficiary at any time prior to retirement by submitting a new written Designation of Beneficiary form to SBCERS. **Members are encouraged to keep beneficiary information current.** If a spouse, domestic partner, or other designated beneficiary predeceases the member or before a member begins receiving benefits, a new beneficiary should be named. If no beneficiary is named and there is no surviving spouse or domestic partner, any benefits owed are paid to the member's estate. Member's should not designate a trust; a Trust is not a person and does not have an insurable interest under the law, and therefore is not eligible for a continuance or survivorship.

- ♦ *A beneficiary is the person or people who may receive any benefits payable from SBCERS in the event of the member's death.*
- ♦ *Members must designate a beneficiary upon initial membership with SBCERS.*
- ♦ *Members are encouraged to keep beneficiary designation current.*

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. If a Court orders the division of this property as the result of a legal separation or dissolution of marriage or domestic partnership, the division of the property must conform to the County Employees Retirement Law and be agreed to by the Retirement System. Dissolutions may contain additional court orders referred to as a Domestic Relations Order (DRO). SBCERS must be joined as a party to the proceedings to be able to respond to a DRO issued in connection with a dissolution. 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. Foreign country residency, the inability to locate, or the death of the non-member, does not resolve the community property interest in the SBCERS asset.

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 or her separate account and the non-member ex-spouse or ex-domestic 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.

It is important that the language in your judgment is clear. To avoid any problems or delays, the judgment should name the SBCERS benefit specifically and articulate what portion is to be allocated to you and what portion or percentage to your former spouse.

Community Property Waiver Policy

If the non-member intends to waive the community property interest in the SBCERS asset, then neither a joinder nor a stipulated domestic relations order (DRO) are required.

In cases where a non-member desires to waive 100% of his or her interest in this community property asset, the waiver language must be contained in a marital settlement agreement or other court order.

The document should specifically reference the SBCERS retirement account (or pension) as the asset being waived. Language that generically states that a party waives all retirement benefits earned during marriage may not be acceptable without supporting documentation.

Disposition of Contributions After Separation

A member must submit an election to the Retirement System regarding the disposition of their contributions and interest after his or her separation from employment. Generally, a member's funds can be left on deposit or withdrawn, however by withdrawing the member will forfeit the right to all future retirement benefits that may have been earned.

Withdrawal of Contributions

If a member separates from employment with less than five years of service, he or she is not vested in the Plan and will not be entitled to a retirement benefit unless he or she enters employment with another California public agency covered by a reciprocity agreement with SBCERS (see section on "Reciprocal Service") or later returns to County employment. If the member does not enter a reciprocal system, the member is entitled to a refund of contributions and interest, but may leave the contributions on deposit. Retirement accounts of non-vested, non-reciprocal members do not earn interest after separation from regular employment. A refund can be issued after the Retirement System's receipt of the employer's Notice of separation or discontinuance of membership and a completed Disposition of Retirement Account document. If the member has reached normal retirement age he or she is eligible for refund upon separation from service, otherwise refund can be issued once at least 90 days have passed from the conclusion of all County service.

Any previously untaxed part of a member's refund is subject to income tax. If a member receives a refund before age 59½, excise tax may be assessed for the early withdrawal in addition to any ordinary income taxes. To avoid excise tax and to defer income tax, the untaxed portion of the account may be rolled into an IRA or other qualified retirement plan; however any previously taxed part of the refund will be issued directly to the member. A 1099-R reporting any distribution will be issued the following year.

Deferred Retirement

If a member separates from county service with five or more years of service credit he or she is vested and entitled to a future retirement benefit upon reaching eligibility. To receive a deferred retirement, a member must make such election in writing; and leave his or her contributions in the system until said date that the member could have retired for service. Members who have five or more years of service and who have left their contributions on deposit, but have not filed an election for Deferred Retirement will be deemed to have elected such retirement benefit.

If a member wishes to elect an optional benefit payment method upon receipt of a Deferred Retirement, the member must make application to the SBCERS at least six months before the desired retirement date.

The accounts of deferred, vested members continue to be earn interest which is credited semi-annually. A member may cancel a deferred retirement election and withdraw contributions at any time prior to reaching age 70½. When a member reaches such age, SBCERS may automatically begin paying the Deferred Retirement benefit on the April 1 following the attainment of age 70½.

SERVICE CREDIT

A 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 the employer's pay cycle. A member cannot earn more than one year of service credit in any 12 month period. However, under the circumstances described below, a member may be eligible to increase the retirement allowance by purchasing service credit.

Sick Leave

A member may receive up to one year of service credit for unused, accumulated sick leave at the time of retirement.

Purchasing Credit for "Lost" Service

A member may purchase credit for lost service for:

- SERVICE PRIOR TO MEMBERSHIP
If employed by the County before becoming an SBCERS member (as "extra help," for example), and the member did not receive service credit under this plan for that service. A member may purchase credit for all or part of that service.
- MEDICAL LEAVE
If a member was on leave of absence without pay for medical reasons. A period not to exceed twelve (12) consecutive months in any one absence for a medical leave may be purchased. A member must return to work from the medical leave into a position covered by SBCERS in order to be eligible to purchase this service credit.
- REDEPOSIT
If a member left employment with the County, withdrew his or her contributions from the plan, and is subsequently rehired. To reacquire the resulting lost service credit, the amount withdrawn, with interest, must be repaid.

RECIPROCAL SERVICE

Reciprocal retirement benefits are available to a member who either :

- enters service with Santa Barbara County within 180 days of leaving employment with a California public agency covered by a reciprocal retirement system, or
- leaves County service and within 180 days begins 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:
- 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.

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

If a member enters a reciprocal system within six months, the member may elect to establish reciprocity regardless of length of service. It is advantageous for any Plan 8 member who can establish reciprocity to do so immediately upon employment with an SBCERS covered employer. Reciprocity may entitle a member to an earlier tier or plan with enhanced benefits and perhaps lower contribution rates. To receive the benefits of a deferred retirement with reciprocity, the member 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, the age for contribution purposes may be the same as the age when the member entered the original system.
- The highest final average salary under either system is used when calculating benefits.

Contributions cannot be withdrawn under reciprocity. Extension of membership continues the member's right to service and disability retirement, and the member must retire under both systems concurrently.

CLAIMING RETIREMENT BENEFITS

Qualification For Service Retirement

A member may file for service retirement if he/she:

- Is age 52* or older and has at least 5 years of County/reciprocal service, or
- Has reached age 70.

Application For Service Retirement

When considering retirement, a member may request an estimate by writing, faxing, or e-mailing the Retirement Office. Once a retirement date is chosen, a member must file an application for service retirement to begin receiving the retirement allowance.

A member cannot file the application more than 60 days before the effective date of retirement. However, it's a good idea to notify the Retirement Office of any intention to retire before applying. Then the member can receive counseling and information to help plan for retirement and obtain the documents that must accompany the application.

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

A member may not change the elected payment option once the first payment of any retirement allowance is made.

*

Only 1% at Age 52.

RETIREMENT BENEFITS

The monthly retirement allowance amount is based on four factors:

- Age at retirement,
- Total service credit,
- Highest average annual pensionable compensation, and
- Payment option selected.

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.

Pensionable Compensation (PC)

The retirement allowance is based, in part, on the highest average annual pensionable compensation (PC). When computing PC, the Retirement System relies on the salary rates on a member's contributions were based. Not all pay codes are pensionable. It is the employer's responsibility to provide the correct salary rates and pay codes to the Retirement System.

General Plan 8 members have the highest average salary of 36 consecutive months of employment. Part-time salary is converted to full-time earnable salary.

NOTE: Annual retirement benefits received are subject to the limitations of Sections 401(a)(17) and 415 of the Internal Revenue Code and subsequent amendments.

PEPRA legislation established new limits on maximum compensation. The pensionable compensation used to calculate the defined benefit paid to a new member who retires from the system shall not exceed the following applicable percentage of the contribution and benefit base specified in Section 430(b) of Title 42 of the United States Code on January 1, 2013:

- (1) One hundred percent for a member whose service is included in the federal system.
- (2) One hundred twenty percent for a member whose service is not included in the federal system.

SBCERS will notify members affected by these limitations.

Payment Options

At the time of filing an application for retirement benefits, a member must select one of five different payment options. This option is irrevocable 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

The unmodified option provides 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, a surviving spouse must have been married to the member for at least one year before the retirement date and must have been designated as beneficiary. A surviving spouse who was not married to the member before the retirement date is eligible for continuing benefits if, on the date of the member's death, the spouse:

- Was designated in writing as a beneficiary (can be designated post-retirement),
- Was married to the member for two years or more, and
- Has attained age 55.

If there is no eligible spouse, but there is a minor child or minor children, the continuing benefit may be payable to them until the age of 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, the child must be unmarried and under the age of 18 at the time of the member's death.

If, at the time of the member's death, there is no eligible surviving spouse or child(ren) and the total cumulative retirement allowance received to date (life-to-date) does not exceed the accumulated contributions on deposit at the time of retirement, the designated beneficiary shall be paid the balance of the accumulated contributions in a lump sum. Note that after approximately three years of retirement payments, there is usually no excess.

Computing The Unmodified Retirement Allowance - General Plan 8

This example shows the calculation of the monthly retirement allowance for an employee retiring at age 57 with a \$5,275 monthly average salary and 20.12345 years of service credit. The monthly retirement allowance is computed in four steps.

1	Determine the Final average monthly salary.	\$5,275
2	Use the age at retirement (to the nearest completed quarter year) to find the retirement percentage in the table below.	Age 57 = 0.01500
3	Multiply step 1 by step 2.	$5,275 \times 0.01500 = 79.125$
4	Multiply the result of step 2 by the years of service.	$79.125 \times 20.12345 = \$1,592.27$
5	The result in Step 4 is the monthly allowance. Note that the allowance cannot be larger than the final average monthly salary.	Monthly Allowance = \$1,592.27

Retirement Factors

Age	Percent
52.00	0.01000
52.25	0.01025
52.50	0.01050
52.75	0.01075
53.00	0.01100
53.25	0.01125
53.50	0.01150
53.75	0.01175
54.00	0.01200
54.25	0.01225
54.50	0.01250
54.75	0.01275
55.00	0.01300
55.25	0.01325
55.50	0.01350
55.75	0.01375
56.00	0.01400
56.25	0.01425
56.50	0.01450
56.75	0.01475

Age	Factor
57.00	0.01500
57.25	0.01525
57.50	0.01550
57.75	0.01575
58.00	0.01600
58.25	0.01625
58.50	0.01650
58.75	0.01675
59.00	0.01700
59.25	0.01725
59.50	0.01750
59.75	0.01775
60.00	0.01800
60.25	0.01825
60.50	0.01850
60.75	0.01875
61.00	0.01900
61.25	0.01925
61.50	0.01950
61.75	0.01975

Age	Percent
62.00	0.02000
62.25	0.02025
62.50	0.02050
62.75	0.02075
63.00	0.02100
63.25	0.02125
63.50	0.02150
63.75	0.02175
64.00	0.02200
64.25	0.02225
64.50	0.02250
64.75	0.02275
65.00	0.02300
65.25	0.02325
65.50	0.02350
65.75	0.02375
66.00	0.02400
66.25	0.02425
66.50	0.02450
66.75	0.02475
67.00	0.02500

Modified Options

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

Under Options 2, 3, and 4 below, benefit payments are made to the beneficiary named at the time of retirement. **A member may not elect a new beneficiary after retirement under these options, even if the beneficiary or beneficiaries predecease the member.** The payment option also may not be changed once the first payment of any retirement allowance is made.

Option 1 — Refund of Remaining Contributions

Option 1 provides the member a reduced monthly allowance in exchange for the possibility of a larger death benefit for the beneficiary. Under this option the accumulated contributions are reduced at a much slower rate than in the Unmodified Option. During retirement the accumulated contributions are reduced only by the annuity portion of the retirement allowance (annuity is the portion paid for by the member's own contributions). If a member dies before receiving the total amount of the accumulated contributions on deposit at the time of retirement, the 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 provides the member a reduced monthly allowance and, upon death, the beneficiary receives the same allowance the member was receiving. All payments stop upon the beneficiary's death. The amount of the reduced allowance depends on the age of the parties at the time of retirement.

Option 3 — 50% Joint & Survivor

Option 3 provides a member a reduced monthly allowance and, upon death, the beneficiary receives an allowance equal to half of the allowance the member was receiving. All payments stop upon the beneficiary's death. The amount of the reduced allowance depends on the age of the parties at the time of retirement.

Option 4 — Named Beneficiary or Beneficiaries

Option 4 provides the member a reduced monthly allowance and, upon death, the 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. Once the beneficiary or beneficiaries die, all payments cease. The beneficiary or beneficiaries must have an insurable interest in the member's life.

Disability Retirement

If a member becomes permanently disabled and is unable to perform the usual job duties, the member 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 the specified job class and department; evidentiary hearing; independent medical examinations; job analysis.

Service-Connected Disability Retirement

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

Non-Service-Connected Disability Retirement

If a member has five or more years of vested service and is deemed to be permanently unable to perform the duties of the job due to incapacity, the member 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.

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.

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

Social Security Coverage

Contributions to and benefits from Social Security Administration (SSA) are, in most cases, in addition to those under the retirement plan. As a member of General Plan 8, SSA benefits may be subject to a reduction for the Government Pension Offset or Windfall Elimination Provision for periods of County service during which the member 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

If a member is not vested (has less than five years of service) and dies while actively employed, and the death is not the result of a service-connected injury or illness, the designated beneficiary may be entitled to receive a basic lump sum Death Benefit consisting of:

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

Death Before Retirement of Vested Member

If a member is vested (has five or more years of service) and dies while actively employed, and if the death is not the result of a service-connected injury or illness, an eligible surviving spouse may elect to receive an Optional Death Allowance consisting of:

- A monthly allowance for life equal to 60% of what the member would have received had the member 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 months' final average salary for each year of 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.

A 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 there is no eligible surviving spouse, the legal guardian of any eligible surviving minor child(ren) may make an election on behalf of the child(ren) from the choices described above. If there is no surviving eligible spouse or child(ren), the member's designated beneficiary or estate receives only the basic lump sum Death Benefit.

Service-Connected Death Before Retirement

If a member dies while employed as a result of a service-connected injury or illness, an eligible surviving spouse may elect a Death Allowance consisting of a monthly allowance for life equal to 50% of the final average salary. If there is no eligible surviving spouse, payment may be made to the legal guardian of any eligible minor 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 there is no surviving eligible spouse or children, the member's designated beneficiary or estate receives only the basic lump sum Death Benefit.

Death of Deferred Vested Member

If a member is a "deferred" member and dies before the effective date of retirement, the member's designated beneficiary is eligible for a refund of contributions.

Death After Retirement

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

POST-RETIREMENT INFORMATION

County Work After Retirement

After retirement, a member 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 the member's and the beneficiary's current mailing address for the mailing of information and tax documents. If there is a change of address, SBCERS 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. SBCERS 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

Retirement benefits may be subject to federal and state income tax. Consult with a tax advisor or the appropriate taxing agency for information about the tax status of an individual retirement allowance. Each year before January 31, a member or beneficiary will receive a Form 1099-R from SBCERS to assist in the filing of taxes.

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

GLOSSARY

Actuarial Interest Rate

The interest rate fixed by the Board for purposes of actuarial valuations of the System's assets and liabilities.

Actuarial Valuation

The determination, as of a valuation date, of the normal cost, actuarial accrued liability, actuarial value of assets and related actuarial present values for a pension plan. These valuations are performed annually or when an employer is contemplating a change to their plan provisions. SBCERS valuations are based on the benefits that have been adopted, the actuarial methods and assumptions set by the Board, and the membership and financial data for each plan. The valuations compare the assets to the accrued liability for each plan, and determine the employer contribution rate for the coming year. Additional actuarial valuations are made throughout the year to determine the impact of benefit improvements, mergers and reclassifications, and legislated changes.

Actuary

Actuaries are intensively educated and their knowledge is used in many different fields in order to predict future events based upon past occurrences. There are health, insurance, and pension actuaries.

Allowance

A monthly benefit payment issued monthly to a SBCERS retiree, beneficiary, or survivor.

Annuity

A payment of a fixed sum of money issued to a benefit recipient.

Beneficiary

A person eligible to receive a benefit after the death of a member or other benefit recipient.

Board

The SBCERS Board of Retirement. The 11-member Board has fiduciary authority over the administration of SBCERS programs and investments.

CERL

This is the County Employees' Retirement Law, passed in 1937. It is part of the California Government Code and governs several California Counties, including Santa Barbara County.

County of Santa Barbara

As used herein, refers to and includes all participating employers (County, Court,

Carpinteria Cemetery District, Carpinteria-Summerland Fire Protection District, Goleta Cemetery District, Oak Hill Cemetery, Santa Barbara Association of Governments, Santa Barbara Vector and Management District, Santa Maria Cemetery District and Summerland Sanitary District) with the exception of Air Pollution Control District (APCD). There is a separate booklet for APCD members.

Deferred Retirement

Refers to a Constitutional Officer, legislative employee, Legislator, or Judge who leaves employment but does not directly retire. The Retirement Law allows these members to continue some benefits. If this situation applies to you, you should contact SBCERS to ensure you follow all the steps needed to protect your benefits.

Disability

An inability to substantially perform the duties of your job due to illness or injury, which is determined to be permanent or of an extended and uncertain duration.

Domestic Partner- See Registered Domestic Partner**Entry Age**

The earliest age at which a plan member begins to accrue benefits. In most cases, this is the same as the date of hire. Generally, the older a member is at hire, the greater the entry age contribution rate, but in some plans the contribution rate is the same for all members of a specific plan.

Final Average Salary (FAS)

Refers to the highest consecutive 12 months or highest consecutive 36 months (except General Plan 2) of a member's career and may not necessarily be the last or most recent months of salary earned. Also known as Final Compensation.

Member

An employee who qualifies for membership in SBCERS and whose employer has become obligated to pay contributions into the Retirement Fund. Also describes SBCERS retirees, survivors, beneficiaries or anyone receiving a benefit.

Normal Cost

The annual cost of service accrual for the upcoming fiscal year for active employees. The normal cost should be viewed as the long term contribution rate.

PERS

This is the Public Employees' Retirement System, another acronym sometimes used in place of CalPERS (California Public Employees' Retirement System).

Pensionable Compensation

The member's salary base (and other compensation such as unit cash) used to determine both a member's contributions and the Final average salary used to calculate the retirement benefit. Also referred to as "FAS".

Reciprocal Agreement

An agreement between two public retirement systems on coordination of benefits.

Registered Domestic Partnership

In California, domestic partnership are formalized through a registration process with the Secretary of State's Office. A same sex union, other than marriage, validly formed in another jurisdiction which is substantially equivalent to a registered domestic partnership in California, may also be recognized for SBCERS benefits.

Retired Member

A member currently receiving a benefit from SBCERS. Also known as an annuitant, which can be a retiree, beneficiary, or survivor who is receiving a benefit.

Service Credit

Your credited years of employment with a SBCERS employer. This amount of service is credited to your SBCERS account and used as part of the formula to determine your retirement benefits.

Survivor

A dependent eligible to receive a benefit upon a member's death.

Trust

A fund whose assets are managed by a trustee or a board of trustees for the benefit of another party or parties. Applicable State and federal law and the instrument establishing the trust govern the fund.

Vested or Vesting

The right to specified benefits granted to eligible employees after a fixed period of employment and membership.

Years of service

Always refers to years of service credit unless otherwise stated.

ABOUT SBCERS

**The Legal Name of the System Is:
Santa Barbara County Employees' Retirement System**

Contact Information

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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.