

# SBCERS

Santa Barbara County Employees' Retirement System

SUMMARY PLAN DOCUMENT

# GENERAL PLAN 5

JULY 1, 2020



# SBCERS

## Santa Barbara County Employees' Retirement System

2020


Dear Member:

Your retirement plan is a 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 (revised July 2020) summarizes certain provisions of that plan.

It is never too early (or too late) to begin thinking about one's financial security after retirement. We recommend that you read this 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.

If you have questions about your retirement benefits please contact us. We also encourage you to visit our website at [www.sbcers.org](http://www.sbcers.org) and considering reviewing this document as a PDF file. The file contains many helpful hyperlinks that will allow you to cross-reference information across sections. On our website, you will also find helpful news and information about the Retirement System along with retirement planning tools, and forms you can use to manage your retirement account.

Respectfully,



Gregory E. Levin, CPA  
Chief Executive Officer

## IMPORTANT NOTICE

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. Accordingly, 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 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. 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 along with the rules and regulations of the Board of Retirement. As these laws and regulations change, some aspects of your benefit structure may change.

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# INTRODUCTION

## How to Contact SBCERS Member Services

Member Services by Phone:  
Member Services by Email:  
Member Services on the Internet:

1-877-568-2940  
[benefits@sbcers.org](mailto:benefits@sbcers.org)  
[www.sbcers.org](http://www.sbcers.org)

## Determine You are Using the Correct Document

Plan Assignment	If Membership Date is:	Bargaining Unit is:	Summary Plan Document
General Plan 2	Jul 1, 1986 thru Jan 10, 1999	By Member Election	Contact SBCERS Member Services
General Plan 5A	Before Oct 10, 1994	All County of Santa Barbara General Member Bargaining Units	Use this Summary Plan Description
General Plan 5B	On or After Oct 10, 1994 and Before June 25, 2012	10, 11, 14, 15, 17, 20, 35, 36, 40, 41, 42 or 43	Use this Summary Plan Description
General Plan 5C	On or After Oct 10, 1994 and Before June 25, 2012	21, 22, 23, 24, 25, 26, 27, 28, 29 or 32	Use this Summary Plan Description
General Plan 7	On or After June 25, 2012 and Before Jan 1, 2013 and after Jan. 1, 2013 for reciprocal members.	All County of Santa Barbara General Member Bargaining Units	Download the General Plan 7 Summary Plan Description from <a href="http://www.sbcers.org">www.sbcers.org</a>
General Plan 8	On or After Jan 1, 2013	All County of Santa Barbara General Member Bargaining Units	Download the General Plan 8 Summary Plan Description from <a href="http://www.sbcers.org">www.sbcers.org</a>

## How Do I Know If I Am a General Member?

All full-time or permanent part-time (at least 20 hours per week) non-safety 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.<sup>i</sup>

## What Is a Safety Plan Member?

Members working in sworn public safety positions are eligible for Safety Plans. These plans have different benefit formulas and retirement eligibility requirements. Eligible safety members include but are not limited to sheriff deputies, custody deputies, probation officers, fire fighters and other positions including sworn management roles within public safety departments. If you have questions about your eligibility for safety retirement plans, please contact SBCERS Member Services.

## What Is Reciprocity?

Members who have prior public service at another eligible California employer and who have had a less than 180 day break in service between that service and their current service with SBCERS are eligible for reciprocal benefits. [Reciprocity](#) is explained in detail later in this document.

# PLAN 5 BASIC BENEFIT INFORMATION

## Benefit Formula and Calculation

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

## Retirement Eligibility

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

- Attainment of age 50 with at least 10 years of SBCERS employer and/or Reciprocal service.
- Completion of 30 years of service credit regardless of age, or
- Attainment of age 70 regardless of years of service.
- A member who becomes permanently disabled may be eligible for disability retirement benefits.
- In the case of death, a designated beneficiary(ies) may be eligible for a benefit.

## Contributions

- Both members and employers make contributions to the Retirement System during active employment.
- Member contributions are a percentage of compensation earnable.
- The percentage contributed by the member is based on age at time of membership in the Retirement System, and bargaining unit.

## Understanding the Difference Between Plans 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.

### Calculated Average Monthly Salary (Final Average Salary)

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

### Contributions

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

## Your Plan 5 Retirement Benefit Is Community Property

Under California law, retirement benefits accrued during a marriage or domestic partnership are considered community property. The division of this property 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.

# GENERAL MEMBERSHIP INFORMATION

## How Is My Benefit Funded?<sup>ii</sup>

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

### Member Contribution Rates

Member contribution rates are actuarially determined using your age on entry into the Retirement System. This rate is applied to your compensation earnable. Employers deduct your retirement contributions from your pay before taxes are withheld.

### Employer Contribution Rates

Employer contribution rates are actuarially determined and are considerably higher than member contribution rates. Employer Contributions are not credited to the benefit of individual members.

### Investment Earnings

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

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### ***What is Compensation Earnable?***

Compensation Earnable is the portion of your pay that is determined to be eligible for inclusion in the calculation of your average monthly salary for the purposes of determining your pension benefit. Compensation earnable is determined by the Board of Retirement and generally includes all time regularly worked, vacation and sick time. Compensation earnable excludes overtime pay and individual lump sum payments among other types of compensation. If you have a question about how your compensation is being calculated, please contact SBCERS Member Services.

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## What Is the Balance of My Membership Account?<sup>iii</sup>

Your member contributions are credited to your individual member account. Interest is credited to this balance semi-annually every June 30 and December 31 on all contributions in the retirement fund that have been on deposit for six months immediately prior to that date. The amount of Interest paid on member contributions varies every six months based on the yield posted to the Federal Five-Year Treasury Note as of the last business day of the interest crediting period. Your pension benefit does not terminate once your member contributions have been paid out to you via your monthly retirement benefit. Your defined benefit is funded by all three sources listed above.

### Annual Member 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.

### MySBCERS Portal

You may learn your current retirement account balance by enrolling in MySBCERS, the SBCERS online member portal, calling your Member Services Specialist or by sending a written request to the Retirement Office.

### Can I Borrow Against the Balance of My Membership Account?

Members cannot borrow against their account at SBCERS.

### Can I Get a Refund for the Balance of My Membership Account?

Members in current active status cannot receive a refund. Members who are no longer employed by a plan sponsor and who have not retired and been placed on benefit can request a refund of their



account. For more information on refunding your contributions go to the [Refund of Contributions](#) section of this document. Reciprocal members who receive a refund of contributions from either system will forfeit reciprocal rights.

## How Is My Service Credit Calculated?<sup>iv</sup>

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

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

You may be eligible to increase your retirement allowance by [purchasing service credit](#).

## How Is My Average Salary (Final Average Salary) Calculated?<sup>v</sup>

Your retirement allowance is based, in part, on your final average monthly salary (FAS). When computing average salary, SBCERS relies on the salary rates on which your contributions were based. [Not all pay codes are compensation earnable](#). It is your employer's responsibility to provide the correct salary rates and pay codes to SBCERS. As part of your retirement planning process we will review your account for discrepancies and to determine that the proper amounts have been included in your average salary calculation.

- Plan 5A and Plan 5B full-time employees have the highest average salary of 12 consecutive months of employment.
- Plan 5C full-time employees have the highest average salary of 36 consecutive months of employment.
- Part-time or intermittent employees have the highest average salary equivalent to 36 months of full-time salary, even though earned over a longer period.

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. SBCERS will notify you if these limitations affect you.

## How Do I Estimate My Benefit?

There are several ways to estimate your benefit.

### ***Basic Retirement Benefit Estimator***

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If you are looking for a rough calculation of your benefit that relies on estimates provided by you, you can estimate your benefit using our [public benefit estimator](#) which can be found in the Active and Deferred Members section of our [www.sbcers.org](http://www.sbcers.org) website. This benefit estimator will provide you with a rough calculation; we recommend you use this if you are simply interested in estimating your benefit in general terms. It is mainly designed to assist those considering employment with an SBCERS plan sponsor but who are not yet members of the system.

### ***MySBCERS Benefit Estimator***

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If you are an existing member and have not already done so, visit <https://mysbcers.org> and sign up for a MySBCERS portal account. Using the "Estimate a Benefit" feature in the portal, you may obtain a detailed benefit estimate using the information we have stored in our pension administration system and custom dates that you enter in the system. This benefit estimator is great for members who are doing family planning and general retirement planning.

### Contact SBCERS Member Services for a Benefit Estimate

Our SBCERS Member Services division will be pleased to sit down with you or have an online video meeting to provide you with a custom benefit estimate. During this meeting you will be able to custom tailor your benefit estimate, ask questions about modified options, career changes and how things like medical insurance will impact your retirement income security. This is the best option to choose if you are within five years of your estimated retirement date or are considering leaving employment with one of our plan sponsors.

### Manual Calculation of a Benefit Estimate

The following formula will assist you in estimating your **unmodified retirement benefit**. The example below provides you with the formulas and the steps you need to follow in order to calculate your estimated retirement benefit.

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

1	Divide your final average monthly salary by 50.	$\$5,000 / 50 = \$100.00$
2	Multiply the result of step 1 by your total years of service (years and fractions of years).	$\$100.00 \times 30 = \$3,000.00$
3	Use your age at retirement (to the nearest completed quarter year) to find your retirement factor in the table below.	Age 62 = 1.3093
4	Multiply the result of step 2 by the retirement factor.	$\$3,000.00 \times 1.3093 = \$3,927.90$
	The result in Step 4 is your monthly allowance. Note that your allowance cannot be larger than your final average monthly salary.	Monthly Allowance = \$3,927.90

### Schedule of Retirement Age Factors (the factor stops increasing at age 62)

Age	Factor	Age	Factor	Age	Factor	Age	Factor	Age	Factor
50	0.668	52.75	0.778	55.5	0.913	58.25	1.060	61	1.255
50.25	0.678	53	0.788	55.75	0.926	58.5	1.075	61.25	1.273
50.5	0.687	53.25	0.800	56	0.940	58.75	1.090	61.5	1.291
50.75	0.696	53.5	0.811	56.25	0.955	59	1.105	61.75	1.309
51	0.706	53.75	0.823	56.5	0.970	59.25	1.121	62	1.309
51.25	0.716	54	0.835	56.75	0.985	59.5	1.137		
51.5	0.726	54.25	0.847	57	1	59.75	1.169		
51.75	0.736	54.5	0.860	57.25	1.011	60	1.186		
52	0.745	54.75	0.872	57.5	1.022	60.25	1.203		
52.25	0.756	55	0.885	57.75	1.034	60.5	1.220		
52.5	0.767	55.25	0.899	58	1.045	60.75	1.237		

# HOW MAJOR LIFE CHANGES AFFECT RETIREMENT

## What Happens to My Membership Account If I Die?<sup>vi</sup>

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

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

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If you are not vested (have less than five years of service) and die while employed, and your death is not the result of a service-connected injury or illness, your designated beneficiary may be entitled to receive a basic lump sum Death Benefit 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.

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

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If you are vested (have five or more years of service, including reciprocal time) and die while employed, and your death is not the result of a service-connected injury or illness, your eligible surviving spouse may elect to receive an Optional Death Allowance 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.

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) under the age of 18, your designated beneficiary or estate receives only the basic lump sum Death Benefit.

### *Service Connected Death Before Retirement*

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If you die while employed by a plan sponsor 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 or the amount of a service retirement if greater. If you have no eligible surviving spouse, the payment may be made to the legal guardian of your eligible children. The benefit is payable to unmarried children under age 18 and the benefit may be continued until age 22 if the children remain continuously enrolled as a full time student at an accredited school. If you have no surviving eligible spouse or children your designated beneficiary or estate receives the basic lump sum Death Benefit.

### *Death of a Reciprocal Member*

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If you are actively employed by a reciprocal system and have established outgoing reciprocity from SBCERS, and die from causes that are not job related before the effective date of your retirement, you may be entitled to an additional survivor benefit.

## ***Death of a Deferred Vested Member***

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If you leave employment with a plan sponsor, [elect to defer retirement](#) and die before the effective date of your retirement, your designated beneficiary is eligible only for a refund of your contributions.

## **Death After Retirement**

### ***Lump Sum Death Benefit***

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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 the lump sum death benefit that is provided under their plan, if any.

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

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

A surviving spouse who was not married to you before your retirement is eligible for continuing benefits if, on the date of your death, 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 22. 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 employee contributions on deposit at the time of your retirement, your designated beneficiary shall be paid the balance of those employee contributions in a lump sum. Note that after approximately three years of retirement payments to you, there is usually no excess.

## **How Do I Designate a Beneficiary?**

Your beneficiary is the person or people who receive any benefits payable from SBCERS in the event of your death. 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 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 trust is not a person and does not have an insurable interest, and therefore is not eligible for a continuance or survivorship.

You may designate a beneficiary when you become a SBCERS member. If you have a spouse or eligible domestic partner registered with the Secretary of State of the State of California, that person is your beneficiary under community property laws in California. In the event that someone other than a spouse or registered domestic partner is a designated beneficiary, the law may require that you obtain your spouse's or 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](http://www.sbcers.org). You may change your beneficiary designation at any time before you retire by submitting a new beneficiary designation form to SBCERS. If your spouse, domestic partner, or other beneficiary dies before you begin receiving payments, you should name a new beneficiary.

### ***Domestic Partnerships***

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In accordance with the California Domestic Partner Rights and Responsibilities Act of 2003, California State 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 SBCERS is applicable to an eligible California State registered domestic partner as well.

## **What Happens to My Membership Account If I Get a Divorce?<sup>vii</sup>**

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 SBCERS 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. If you are undergoing a marital dissolution please contact SBCERS Member Services.

### ***Dissolution of Marriage Before Retirement (Model A DRO)***

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Typically an active member's account is divided into two separate accounts as ordered by the court. After the member's account is divided, 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.

If the member's account to be divided contains less than 5 years of service prior to division, a refund of the non-member's share of accumulated contributions and interest is required by law.<sup>viii</sup>

### ***Dissolution of Marriage After Retirement (Model B DRO)***

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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.



# What Happens to My Membership Account If I Leave Employment?<sup>ix</sup>

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”) or reach the age of 70. Alternatively, If you have more than 5 years of service, you may elect to defer retirement.

## **Refund of Contributions**

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

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 deferred unless the funds are timely deposited in an eligible rollover account. Receipt of a lump-sum refund of interest and untaxed contributions could result in significant tax liabilities to you. SBCERS recommends that you consult with a licensed tax professional prior to opting for any lump sum payment option.

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### **Smart Retirement Planning**

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

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## **Deferred Retirement**

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If you separate from employment from one of our plan sponsors and you have more than five years of service credit, you may leave your contributions on deposit and take a Deferred Retirement upon reaching eligibility. The accounts of deferred vested members continue to be credited with interest semi-annually. 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 SBCERS to begin payment of benefits at least six months before your desired retirement date if you intend to elect an optional benefit payment method, or
- Automatically begin receiving a retirement allowance (unmodified payment option) by April 1 of the year following the year in which you attain age 72.
- You may cancel your deferred retirement election and withdraw your contributions at any time before age 70½.

Members who have more than 5 years of service and who have left their contributions on deposit, but have not filed an election for Deferred Retirement are deemed to have elected such retirement benefit.

## **Reciprocity**

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Reciprocal retirement benefits are available to you if you separate from an SBCERS employer and within six months begin regular employment with a public agency covered by a reciprocal system, or have joined SBCERS after membership at a reciprocal system that concluded no more than 6 months prior to joining SBCERS. If you enter a reciprocal system within six months, you may elect to establish reciprocity regardless of your length of service. You may establish reciprocity at any time, provided you have a less than six month gap between reciprocal employers. Once you have elected reciprocity, there are strict limitations regarding whether a refund of contributions at any reciprocal system is permissible.

Establishing reciprocity provides the following benefits:

- 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.
- The extension of membership continues your right to service and disability retirement.

The following are important considerations when considering establishing reciprocity:

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

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

### **Reciprocal Systems**

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SBCERS has reciprocal agreements with the following California agencies:

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

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

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

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

## **Can I Purchase Service Credit for Time Missed Due to Illness or Other Reasons?<sup>x</sup>**

Yes, you may purchase credit for lost service if 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 must return to work from your medical leave into a position covered by SBCERS in order to be eligible to purchase this service credit.

You can also purchase service credit if you were employed by the County before you became an SBCERS member (as an “extra help” employee, 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.

If you left employment with your SBCERS employer, 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.

# GETTING READY FOR RETIREMENT

## Retirement Eligibility

You may file for service retirement if:

- You are 50 or older and have at least 10 years of SBCERS employer/reciprocal service
- For those employed in a temporary, seasonal, intermittent or part time positions you are age 50 or older, you have at least five years of service and 10 years have elapsed since the first date of service
- For deferred members who are 50 or older, you have at least five years of service and you would have reached 10 years of service had full-time employment at an SBCERS employer continued without interruption.
- You have 30 years of SBCERS employer/reciprocal service, regardless of age
- You have reached 70 years of age, regardless of years of service.

## Applying for Retirement

If you are thinking about retiring, you can request an estimate by emailing SBCERS at [benefits@sbcers.org](mailto:benefits@sbcers.org) (other contact information for SBCERS Member Services is listed under [How to Contact SBCERS Member Services](#)). 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.

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.

## Being Prepared for Retirement Counseling

Keep good records of your time as an SBCERS member. You should retain information on any use of unpaid leave (e.g. medical leave), retain documentation of any lump sum payments from your employer and keep good records of any family changes (e.g. birth certificates, death and divorce records) affecting you or your beneficiaries.

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

- Birth Certificate: Yours and current spouse/domestic partner's, if applicable
- Marriage certificate/domestic partnership registration: For current marriage/partnership, if applicable
- Social Security card: Yours and spouse/domestic partner's, if applicable
- Dissolution documents (for all marital status changes and/or domestic partnership status changes that occurred during your SBCERS membership)
- Death certificate for any spouse/State of CA registered domestic partner you lost during your SBCERS membership



- Medicare card: Yours and spouse/domestic partner's, if applicable
- Voided check (not a deposit slip), for electronic deposit.

## Understanding Your Benefit Payment Options<sup>xi</sup>

When studying benefit payment 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 [How do I designate a beneficiary?](#) section of this document.

Modified benefit payment options provide alternative continuance benefits in exchange for a reduction in your benefit allowance. The size of the reduction in your allowance under some options depends on your age (and, in some cases, the age of your beneficiary) when you retire. At the time of your retirement and you will be provided information about the impacts of various benefit payment options on the amount of your retirement benefit in order to help you select the option best suited to your needs.

Under Modified 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 your retirement allowance is made.

### **Unmodified Option**

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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.

### **Modified Option 1 – Cash Refund**

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Modified Option 1 provides you a reduced monthly allowance in exchange for the possibility of a larger death benefit for your named beneficiaries. Under this option your accumulated contributions are reduced at a much slower rate than in the Unmodified Option. 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.

Receipt of a lump sum refund of interest and untaxed contributions could result in significant tax liabilities to you. SBCERS recommends that you consult with a licensed tax professional prior to opting for any lump sum payment option.

### **Modified Option 2 – 100% Joint and Survivor**

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Modified Option 2 provides you a reduced monthly allowance in exchange for your beneficiary receiving 100% of the allowance you were receiving at the time of your death, as opposed to the unmodified option which provides a 60% continuance. All payments stop after you and your beneficiary die. If you select Modified Option 2, 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, an example is shown below. Amounts in the example are based on every \$100 of the Unmodified option.

**Modified Option 2 Example:** A member who retires at age 55 with a 50 year old beneficiary is eligible to receive an allowance of \$100 each month under the unmodified option. If the member elects option 2, the member's allowance is reduced to \$91.76 per month. When the member dies, the beneficiary receives the same allowance for the remainder of their life.

Age of Beneficiary at Member's Retirement	Age of Member at Retirement			
	50	55	60	65
50	\$94.49	\$91.76	\$87.79	\$82.24
55	\$95.49	\$93.14	\$89.58	\$84.36
60	\$96.43	\$94.53	\$91.52	\$86.85
65	\$97.28	\$95.84	\$93.46	\$89.56

The ages listed in this table are for the purpose of example only. The actual impact on a member's benefit is based on the member's and beneficiary's actual ages calculated as of the last completed quarter year.

### **Modified Option 3 – 50% Joint and Survivor**

Modified Option 3 provides you a reduced monthly allowance in exchange for your beneficiary receiving 50% of the allowance you were receiving at the time of your death, as opposed to the unmodified option which provides a 60% continuance. All payments stop after you and your beneficiary die. If you select Modified Option 3 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, an example is shown below. Amounts in the example are based on every \$100 of the Unmodified option.

**Modified Option 3 Example:** A member who retires at age 55 with a 50 year old beneficiary is eligible to receive an allowance of \$100 each month under the unmodified option. If the member elects option 3, the member's allowance is reduced to \$95.70 per month. When the member dies, the beneficiary receives 50% of the allowance, i.e. \$47.96, for the remainder of their life.

Age of Beneficiary at Member's Retirement	Age of Member at Retirement			
	50	55	60	65
50	\$97.17	\$95.70	\$93.50	\$90.25
55	\$97.69	\$96.45	\$94.50	\$91.52
60	\$98.18	\$97.19	\$95.57	\$92.96
65	\$98.62	\$97.88	\$96.62	\$94.49

The ages listed in this table are for the purpose of example only. The actual impact on a member's benefit is based on the member's and beneficiary's actual ages calculated as of the last completed quarter year.

### **Modified Option 4 – Named Beneficiaries**

Modified Option 4 provides you a reduced monthly allowance and, after you die, your designated beneficiaries receive a benefit for the remainder of their life. The amount of the benefit is determined by an actuary based on the ages of the member and the beneficiaries. After you and your beneficiaries die, all payments stop. In order to eligible to receive a continuance, 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.

## **Disability Retirement<sup>xii</sup>**

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, applicable case law and the Board of Retirement Disability Retirement Procedures.

The disability process generally takes several months to complete; however, if you are eligible for a service retirement, you may elect to take a service retirement pending resolution of your application for a disability retirement. The disability retirement process may involve:

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

### ***Service Connected Disability***

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If the Board of Retirement finds that you are 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. The monthly allowance of a service-connected disability retirement is 50% of your final average salary or your regular service retirement allowance, whichever is greater.

### ***Non-Service Connected Disability***

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If you have five or more years of vested service and the Board of Retirement finds that you are permanently unable to perform the duties of your job due to incapacity that was not the result of an illness or injury arising from employment, you may be eligible for a non-service connected disability retirement regardless of age. The monthly allowance of a non-service connected disability retirement is generally one-third of your final average salary, but may be more or less depending on your age and years of service.

## **Health Insurance Benefits**

### ***Continuation of Health Coverage (COBRA)***

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

### ***Employer Sponsored Retiree Health Insurance Benefits***

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Depending on your employer, General Plan 5 members are generally eligible for an employer sponsored health insurance subsidy or an in-lieu benefit. The employer sponsored health insurance subsidy offsets the cost of retiree health insurance plans sponsored by the County of Santa Barbara. Alternatively, members declining to participate in the sponsored health plan can receive an in-lieu contribution to a Health Reimbursement Account. Eligible members electing to receive the Health Insurance Subsidy will receive \$15 per month for each year of service credit earned during their employment with the plan sponsor. Members declining to use the employer sponsored health insurance plan are eligible to receive \$4 per month for each year of service credit earned

during their employment with the plan sponsor. The in lieu subsidy is deposited into a Health Reimbursement Account and can be used to reimburse the member for eligible medical expenses. All health insurance benefits are provided through a separate 401(h) trust that is controlled by the County of Santa Barbara. The Health Insurance benefits are subject to modification by the County of Santa Barbara. SBCERS is the plan administrator for the 401(h) plan and provides counseling and transaction processing services on behalf of the County of Santa Barbara on a reimbursement basis.

# LIFE AFTER RETIREMENT

## Cost of Living Adjustment<sup>xiii</sup>

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. 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.

You can follow the Cost of Living Adjustment calculation throughout the year by [subscribing to SBCERS monthly email newsletter](#).

## Social Security Coverage

Contributions to and benefits from Social Security Administration (SSA) are, in most cases, in addition to those under the retirement plan. Plan 5 member's 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.

## Working in Retirement<sup>xiv</sup>

After you retire, you are free to pursue employment with other agencies or in the private sector; however, you may not be paid for services performed for the agency you retired from except for in the following circumstances:

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

Other requirements and limitations may apply regarding post-employment service. Please contact SBCERS if you have any questions regarding your service, since violation of these rules may result in your retirement benefit being suspended.

## The Importance of Keeping Your Account Information Current

### Mailing Address

In order for SBCERS to timely pay any continuance of benefit or make any payment to a beneficiary, SBCERS must have current mailing addresses for you and your beneficiary in order to send important tax documents, forms, health insurance and other information. If there is a change of address, please download a mailing address change form from [www.sbcers.org](http://www.sbcers.org) and provide to us promptly. Please note, in order to protect your account, the individual receiving the allowance must sign the proper forms. We will often seek verbal confirmation of the change as well.

### Direct Deposit

Retirement allowances are deposited directly into a bank, savings and loan, or credit union domiciled in the United States. In order to properly disburse your retirement benefit payment SBCERS must

have the full name and current mailing address of the financial institution, a signed authorization form and acceptable support documentation from any account to which the payment is to be deposited.

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

### ***Income Taxes***

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Your retirement benefits may be subject to federal and state income tax. SBCERS Member Services Representatives cannot provide you with tax advice. We recommend that you consult with a personal 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 SBCERS in order to assist you in filing your taxes.

### ***Health Insurance Open Enrollment***

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Each year, typically during the Fall season, SBCERS will send you information regarding Health Insurance Options provided by the County including information on the cost of the options and plan coverage changes. SBCERS will host an annual open enrollment period, also during the Fall season, for a January 1 effective date. Open enrollment is a qualifying event for all retirees, and, you will be able to modify your Health Insurance Options as they best suit your needs. More information about Open Enrollment, as well as rate sheets, can be found at [www.sbcers.org](http://www.sbcers.org) in the Retiree Section: Health Insurance.

### ***Medicare Eligibility***

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At some point during your retirement, you are likely to become eligible for Medicare. Eligibility typically occurs on your 65th birthday. SBCERS Medicare coordinated health insurance options are typically less expensive than early retiree health insurance plans. Please contact SBCERS at least 90 days prior to signing up for Medicare so that we can connect you to resources to empower your decision making, and assist you in considering your options, and adjust your insurance enrollment accordingly.

## Endnotes

- i Article 4 31552, 31557, 31562 and Article 8 - 31678
- ii Article 1 - 31453, 31454.1
- iii Article 5 - 31591, 31599
- iv Article 6 - 31641.03
- v Article 1 – 31462, 31462.1 and 31462.2
- vi Article 9 – 31702 and Article 11 - 31760.1, Article 12 – 31781, 31781.1, 31781.3. 31782, 31784, 31787, 31789.5 and Article 15.6 - 31855.5, 31855.6, 31855.7
- vii Article 1 - 31458.4, Article 8.4 – 31685 through 31685.96
- viii Section 31685.2(f)
- ix Article 6 - 31628, 31629, 31629.5 and Article 5 - 31591
- x Article 6 – 34641.5, 31646, 31652 and Article 15 – 31831.1
- xi Article 11 – 31760, 31760.1, 31760.2, 31761, 31762, 31763, 31764, 31782
- xii Article 10 – 31720, 31727.4, 31727.1
- xiii Article 1.4 -31486(f)(2)
- xiv Article 8 – 31680.1, 31680.6, 31680.7

# SBCERS

Santa Barbara County Employees' Retirement System

130 Robin Hill Road, Suite 100  
Goleta, CA 93117

2236 S. Broadway, Suite D  
Santa Maria, CA 93454

[www.sbcers.org](http://www.sbcers.org)  
[info@sbcers.org](mailto:info@sbcers.org)  
P: 1-866-568-2940  
F: 805-695-2755