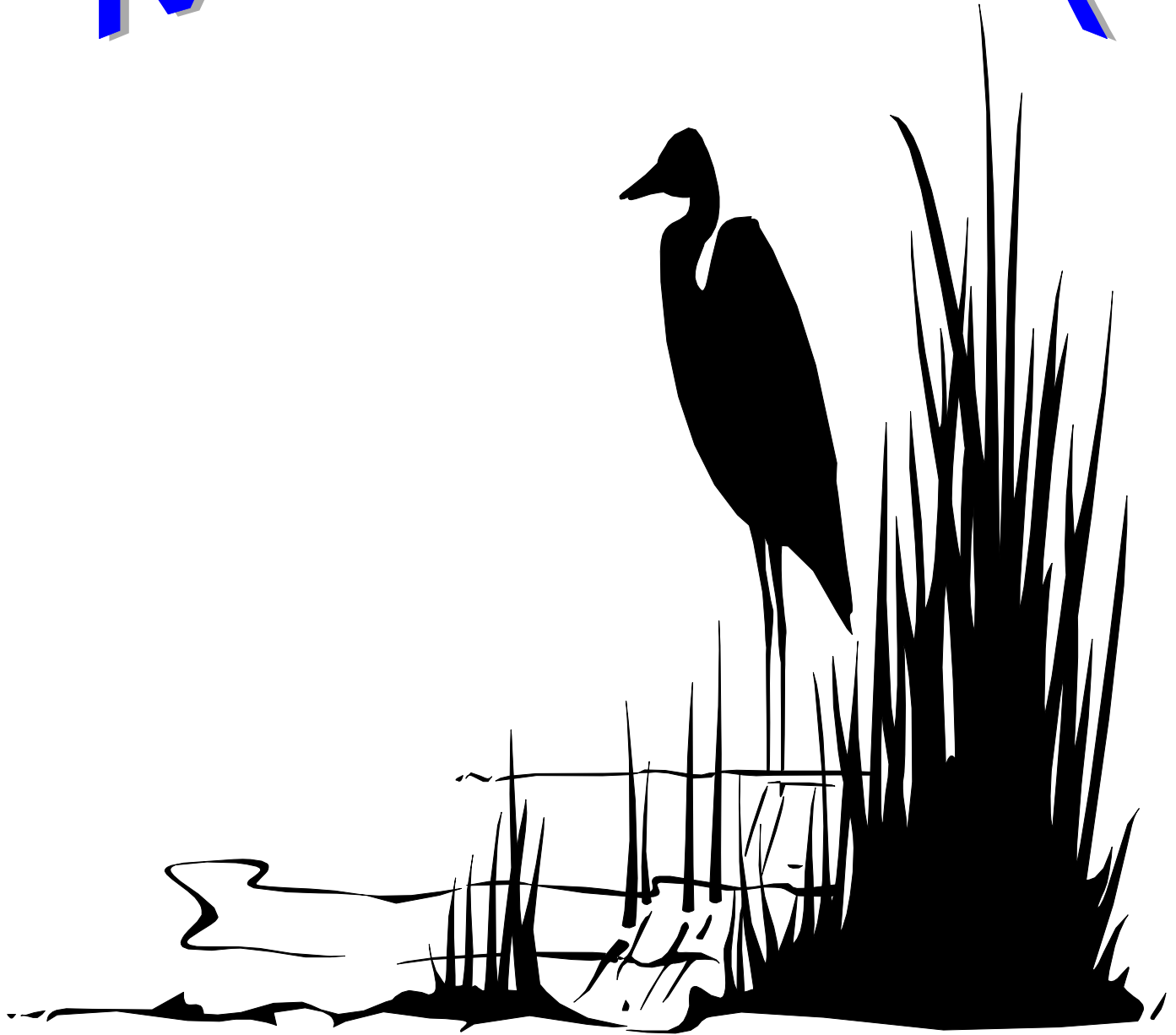


# MCCERA



## **MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**

**Employee Member Handbook**

## MISSION STATEMENT

MCERA's mission is to provide benefits to its members, to manage assets prudently in accordance with plan provisions and to provide competent and efficient services to our members.

## EMPLOYEE MEMBER HANDBOOK

This handbook is intended to give you a general idea of the benefits available through the Merced County Employees' Retirement Association (MCERA). This reference piece is formally known as the Employee Member Handbook. Every effort has been made to ensure the timeliness and accuracy of the information offered. However, you should not rely solely on the information contained herein. Your eligibility for benefits will depend on the particulars of your situation. Your actual benefits will be determined according to the applicable provisions of the County Employees' Retirement Law of 1937 (Government Code Sections 31450 et. Seq.), the California Constitution, MCERA's by-Laws and MCERA's policies and procedures. Therefore, your benefits may, in some cases, be different from those presented in this manual.

The California legislature periodically makes revisions and additions to retirement law. MCERA will make every effort to keep you informed of future changes that affect your Retirement Plan. However, benefits are subject to change with or without notice.

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NOTE: In the event of any discrepancy between the information contained in this manual and the Code provisions and By-Laws and Policies referenced above, the Code provisions and By-Laws and Policies will govern.

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The By-Laws may be accessed via the Internet at [www.mcera.merced.ca.us](http://www.mcera.merced.ca.us).

## CONTACT INFORMATION

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## TABLE OF CONTENTS

<b>INTRODUCTION .....</b>	<b>6</b>
PLAN STRUCTURE.....	6
DEFINED BENEFIT PLAN.....	6
SOCIAL SECURITY INTEGRATION.....	6

CONTRIBUTIONS .....	7
BOARD OF RETIREMENT .....	7
MCERA STAFF.....	7
MCERA ANNUAL REPORT.....	7
MCERA CAFR REPORT.....	8
RECORD CONFIDENTIALITY .....	8
<b>ACTIVE EMPLOYEES.....</b>	<b>9</b>
PLAN MEMBERSHIP .....	9
VESTING.....	9
MEMBER ENROLLMENT FORM.....	9
BENEFICIARY DESIGNATION .....	10
CONTRIBUTIONS AND ACCOUNT EARNINGS.....	10
<i>Employee Contributions</i> .....	10
<i>Employer Contributions</i> .....	11
<i>Interest Earnings</i> .....	11
<i>Access to Your Contributions</i> .....	12
<i>Annual Member Statements</i> .....	12
PLAN INVESTMENTS.....	12
RECIPROCITY .....	12
<i>Advantages of Reciprocity</i> .....	13
<i>Requirements for Reciprocity</i> .....	13
<i>Reciprocal Systems</i> .....	13
<i>Establishing Reciprocity</i> .....	14
SERVICE CREDIT.....	14
<i>Types of Service Credit</i> .....	14
<i>How to Purchase Service Credit</i> .....	16
TERMINATION BEFORE RETIREMENT .....	17
<i>Options and Eligibility Requirements</i> .....	17
<i>Disposition of Retirement Contributions Form</i> .....	18
DEATH BEFORE RETIREMENT .....	19
<i>Nonservice-Related Death Benefit</i> .....	19
<i>Service-Related Death Benefit</i> .....	19
<b>RETIREMENT.....</b>	<b>22</b>
RETIREMENT ELIGIBILITY.....	22
<i>General Plan Members</i> .....	22
<i>Safety Plan Members</i> .....	22
SERVICE RETIREMENT FORMULA FACTORS.....	22
<i>The Age Factor</i> .....	23
<i>Service Credit Factor</i> .....	24
<i>Final Average Salary (FAS)</i> .....	24
OPTIMIZING YOUR RETIREMENT.....	25
MONTHLY RETIREMENT PAYMENTS.....	25
RETIREMENT OPTIONS .....	26
<i>Unmodified Option</i> .....	26
<i>Option 1</i> .....	26
<i>Option 2</i> .....	27
<i>Option 3</i> .....	27
<i>Option 4</i> .....	28
TEMPORARY ANNUITY FOR RETIREES UNDER AGE 62 .....	28
COST-OF-LIVING ADJUSTMENT (COLA).....	29
APPLYING FOR RETIREMENT .....	29

OTHER PAYMENT DECISIONS.....	29
MEDICAL AND DENTAL INSURANCE AVAILABILITY.....	30
IRS SECTION 415.....	30
RETIREMENT TIMELINE.....	30
<b>RETIREEES .....</b>	<b>33</b>
RETIREMENT ALLOWANCE .....	33
COST-OF-LIVING ADJUSTMENTS .....	33
DEDUCTIONS.....	33
<i>Taxes</i> .....	33
<i>Health and Life Insurance</i> .....	34
<i>Other Deductions</i> .....	34
DIRECT DEPOSIT.....	34
SOCIAL SECURITY ELIGIBILITY .....	34
BENEFICIARY .....	34
<i>Continuing Health Care for Survivors</i> .....	35
DEATH BENEFITS AFTER RETIREMENT .....	35
POST-RETIREMENT EMPLOYMENT .....	36
LIFE EVENTS CHANGES.....	39
<b>DISABILITY RETIREMENT.....</b>	<b>41</b>
TYPES OF DISABILITY RETIREMENTS:.....	41
<i>Service-Connected</i> .....	41
<i>Nonservice-Connected</i> .....	41
SERVICE RETIREMENT PENDING A DISABILITY RETIREMENT .....	42
ACTION BY THE BOARD OF RETIREMENT .....	42
THE DISABILITY PROCESS TIMELINE .....	42
LUMP-SUM PAYMENT .....	42
<b>LEGAL MATTERS.....</b>	<b>43</b>
MCERA ADMINISTRATION.....	44
EMPLOYEE MEMBER HANDBOOK .....	44
CONFIDENTIALITY OF RECORDS .....	44
GARNISHMENTS.....	44
POWER OF ATTORNEY .....	44
LIVING TRUSTS AND BENEFICIARY CHANGES .....	44
DISSOLUTION OF MARRIAGE.....	45
HISTORY OF MERCED COUNTY RETIREMENT SYSTEM .....	45
<b>ESTIMATING YOUR RETIREMENT .....</b>	<b>49</b>
RECEIVING AN MCERA ESTIMATE.....	49
HOW TO COMPUTE A RETIREMENT ALLOWANCE ESTIMATE.....	49
<b>CHARTS AND TABLES .....</b>	<b>52</b>
<b>DEFINITIONS OF TERMS.....</b>	<b>60</b>

# INTRODUCTION

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## *Employee Member Handbook*



## INTRODUCTION

### Plan Structure

The Merced County Employees' Retirement Association (MCERA) is a public agency that was created to administer retirement, disability, and death benefits to the employees, retirees, and beneficiaries of the County of Merced, Merced Superior Court, Joint Powers Authority - Transit, Merced County Solid Waste and Merced Cemetery District (these are called the "participating employers"). Merced County Employees' Retirement Association was established in 1950. **There are presently four Tiers of Membership.** It was integrated with Social Security on January 1, 1956, after a referendum held among eligible County Employees for **Tier I – III members.** MCERA's membership includes active members, deferred members and retired members.

The retirement benefits administered by MCERA are those related to your age, compensation and service including the benefit that is the focus of this reference guide—the retirement allowance. It is the monthly benefit eligible employees receive after they retire.

### Defined Benefit Plan

MCERA's retirement plan is what is known as a "defined benefit" plan. That means benefit amounts are defined by a formula—they do not depend on how much money accumulates in your account, as they would under a "defined contribution" plan such as a 401(k) or 457 plan. Under this formula, benefit amounts are based on the following:

- Your age at retirement.
- Your years of retirement service credit.
- Your highest average compensation earnable for 26 consecutive pay periods (Tier I) or your highest average compensation earnable for 78 consecutive pay periods (Tier II - IV).
- **Your benefit formula which depends on the date you become a member of MCERA**

Your benefit amounts will also depend on whether you are a General/Miscellaneous member or Safety member and which payment option you select. See "Plan Membership" in the Active Employees section for more information on membership categories. See "Retirement Eligibility" in the Retirement section for more information on the components that make up the formula and the payment options available.

### Social Security Integration

MCERA benefits are integrated with benefits provided by the Federal Social Security Act **for Tier I, II and III members.** Integration means that as an MCERA member you will receive the full benefit to which you are entitled from MCERA and you will receive the full benefit to which you are entitled from Social Security. Neither benefit will be affected by the amount you receive from either agency. At retirement, your MCERA benefit will have a Social Security integration factor applied at the time it is computed. **Tier IV members, if paying into social security, will also receive social security benefits however the retirement benefit is based on compensation amounts which do not exceed Social Security limits.**

## **Contributions**

You and your employer both contribute to the Plan. See the “Contributions and Account Earnings” in the Active Employees section for more information.

## **Board of Retirement**

Management of MCERA is provided by a nine-member Board and two alternate members. Members include the County Treasurer; four members appointed by the Board of Supervisors; two members elected by General members; one member elected by Safety members; and, one member elected by retired members. Safety and retired members also elect an alternate. All Board members, except the County Treasurer, serve for a term of three years. The Treasurer’s term is concurrent with the term of office.

Among the Board’s responsibilities are determining investment strategy and selecting investment advisors; selecting outside actuaries; and reviewing and ruling on disability retirement claims and special cases. The Board’s management functions are governed by the applicable provisions of the California Government Code, and the By-Laws and Policies of MCERA.

Board meetings are open to the public, subject to the Brown Act on open meetings. They are held the second and fourth Thursday of each month at 8:15 a.m. at the retirement office. The Board encourages member attendance and comments.

Board meeting agendas and minutes are posted on the website at [www.mcera.merced.ca.us](http://www.mcera.merced.ca.us) and the agenda is physically posted outside the building. If you would like to attend Board meetings, please contact our office and ask when our next meeting will be held.

## **MCERA Staff**

The responsibility of the Merced County Employees’ Retirement Association staff is to provide benefits accounting and counseling for retirement and disability benefits and quality information relating to those benefits. Additionally, staff is accountable for the financial records and reports including the Comprehensive Annual Financial Report and other fiscal reports, control of the retirement payroll, contributions’ accounting and reconciliation of investments. Staff is dedicated to administer the benefits impartially, fairly and in accordance with the applicable law. They are committed to deliver service to the membership in an accurate, courteous, prompt, professional and cost-effective manner.

## **MCERA Annual Report**

MCERA furnishes an annual report to all members after the close of each fiscal year providing general, statistical, and financial information concerning the retirement system.

## **MCERA CAFR Report**

MCERA publishes a Comprehensive Annual Financial Report (CAFR) after the close of each fiscal year. MCERA's CAFR report is prepared in accordance to standards developed by the Government Accounting Standards Board (GASB). A copy of this report is posted on the website at [www.mcera.merced.ca.us](http://www.mcera.merced.ca.us).

## **Record Confidentiality**

The "County Employees' Retirement Law of 1937" (CERL) makes individual retirement records confidential. These records may be disclosed only:

- To the member or to someone authorized by the member in writing.
- Upon court order.
- For matters relating to MCERA's administration.

**IMPORTANT NOTICE (1/1/2013): Due to new state legislation and pending litigation regarding those new laws, some of the items described as "pensionable" in this member handbook may not ultimately be included in the member's pension upon retirement. The outcome of that litigation, and therefore the legal status of those items, is unknown at this time. Please contact MCERA for further information on how this may impact your retirement benefit.**



# ACTIVE EMPLOYEES

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## *Employee Member Handbook*



## ACTIVE EMPLOYEES

### Plan Membership

Any person who is a permanent employee of the County or another participating employer is a member of MCERA. As of November 2, 1998, Resolution 98-02 establishes that you become a member of the Retirement system on the first day of service. Prior to that date, in general, all persons employed by the County in permanent positions became members of the system on the first day of the pay period following that in which the member was employed. Employees who are temporary, seasonal, or intermittent employees or are under contract for temporary services are excluded from membership.

There are **four** Tiers of membership:

- Tier I are all employees hired prior to June 13, 1994 and **some** A Level Managers.
- Tier II are all employees hired on or after June 13, 1994.
- Tier III are all employees hired on or after October 1, 2012 and/or employees hired on or after January 1, 2013 who are eligible to establish reciprocity & membership date with the reciprocal system was before January 1, 2013.
- Tier IV are all employees hired on or after January 1, 2013 and did not establish reciprocity or their membership date with the reciprocal agency was on or after January 1, 2013.

There are two plans or categories of members in MCERA:

- Safety members are employees in law enforcement and probation officers.
- General/Miscellaneous members are all members not in a law enforcement position or probation officers.

Membership is optional for elective officials and those entering employment at age 60 or older who are not reciprocal members of another system.

### Vesting

Members are vested in MCERA after they have attained five years of retirement service credit. Vesting entitles you to receive a pension from MCERA once you have fulfilled all eligibility requirements. A member is considered vested after completing 10,400 hours of retirement service credit. Retirement service credit is adjusted proportionately for a member working in a position requiring less than 80 hours in a bi-weekly period. For example, an employee in a permanent variable shift position working 40 hours in a bi-weekly period would earn retirement service credit at 50 percent. Such an employee would need to work for ten years to have five years of retirement service credit and be considered vested in MCERA.

### Member Enrollment Form

You are required to complete a Member Enrollment Form when you enter employment with

Merced County, Merced County Courts, or a participating District. The enrollment form is the official record that MCERA uses to determine your rate of contribution and to calculate your retirement benefit.

The enrollment form is your membership into MCERA. No benefits can be paid unless a form is on file with MCERA. Incorrect contribution amounts can result if information on the enrollment form is incomplete or incorrect. The enrollment form is the instrument used to designate your beneficiary when first enrolled in MCERA.

## **Beneficiary Designation**

You are required to designate a beneficiary when you become an MCERA member. Married members or members with a registered domestic partner normally designate their spouse or domestic partner as beneficiary because of the community property laws in the State of California. Additionally, the retirement plan offers substantial survivorship benefits to a spouse or registered domestic partner in the event of the member's death. Please see "Death before Retirement" in the Active Employees section for more information regarding death benefits.

A beneficiary must be a person who has an insurable interest in the member's life. Please see the Definitions of Terms section for a definition of insurable interest. You may change your beneficiary designation at any time. Keep your beneficiary designation current to ensure that, in the event of your death, benefits will be paid according to your designation. To change your beneficiary, you may contact MCERA office to complete a beneficiary change form or download a copy from [www.mcera.merced.ca.us](http://www.mcera.merced.ca.us).

## **Contributions and Account Earnings**

### **Employee Contributions**

Funding to pay benefits comes from three basic sources – contributions from you, the member, contributions from your employer, and investment earnings. Contribution rates for both the employee and employer are determined by outside actuaries and are changed from time to time based on the results of the periodic actuarial studies. Contributions are taken as payroll deductions on a pre-tax basis. You will also receive a member statement (January) and it will report your accumulated contributions.

Your contribution is computed on your base pay plus any special pays considered compensation earnable for retirement purposes such as bonuses, shift differentials, and allowances for uniform, to name a few examples. Note that your retirement contribution will be taken even from a partial paycheck. If the paycheck amount is insufficient to cover the entire contribution you will only receive partial service credit for a partial contribution.

**Your contribution rate is based on the following factors:**

## Tire I - III

- Your entry age
- Your plan (General or Safety)

## Tier IV

- Your plan (General or Safety)

Contribution rates change based on the fund's outside actuaries' annual studies of the rates. The Board of Retirement recommends contribution rate increases or decreases on the basis of those studies. You may not borrow against your contributions, increase your contributions, nor add to them with other funds. As noted earlier, this is a defined benefit plan your eventual retirement benefit will be calculated according to a formula. Increasing your contributions would not increase your retirement allowance.

Excluded from contribution calculations, however, are overtime pay and accrual sick leave payoffs upon termination, among others. If you are interested in whether a particular item in your pay will be included, please contact your employer. The types of pay included for contribution purposes are the same types of pay included in the compensation earnable used to determine your retirement allowance when you retire.

You will contribute to your retirement fund throughout your career with your MCERA-covered employer. The only exception to this requirement and which will nullify your requirement to make further contributions to the plan is if you were an MCERA member on March 7, 1973, and have attained 30 years of total service eligibility credit including reciprocal time and/or prior service purchase time or if you are a Safety Tier I - III member with 30 years of continuous safety service credit.

## Employer Contributions

Employer contribution rates vary by plan membership. Employer contributions are not refundable to the employee at any time.

The retirement law authorizes your employer to pay for some or all of the contributions you would otherwise be obligated to pay. Any employer "pick-up" of your contributions is a negotiated benefit and is subject to current Memorandum of Understanding provisions. Currently none of the participating employers have employer "pick – up."

## Interest Earnings

Your account is credited interest on June 30th and December 31st of each year based on the previous six month's balance, investment earnings, and according to MCERA's interest crediting policy. Please note that although interest and account balances do impact refunds and survivor benefits your service credit, age at retirement and highest 26 consecutive pay periods (Tier I) or 78 consecutive pay periods (Tier II - IV) compensation are the key factors that determine your retirement benefit.

## **Access to Your Contributions**

The Retirement Plan does not allow you to borrow from your account, nor may you withdraw money while you are still working for a participating employer or under a reciprocal arrangement. If you terminate your employment with a participating employer you may take a refund of your accumulated contributions and the interest credited on them upon proper application submitted to the MCERA office. See the “Termination before Retirement” in the Active Employees section for more information.

## **Annual Member Statements**

Your member statement will show personal information (for example, your date of birth, date of membership, total years of service credit, plan, and designated beneficiary), as well as your current account balance. Your current account balance will reflect your contributions and the interest credited on them.

All members are sent a statement once a year in January. You should check your statement carefully and report any errors to MCERA staff.

## **Plan Investments**

While investments provide the primary means of paying benefits, your benefit is guaranteed regardless of investment performance. In other words, it is the employer who bears the risk of investment performance. Your benefit is based on the factors discussed previously.

The investments of the plan are managed by the Board of Retirement in accordance with the Board-approved Investment Objective and Policy. The Board of Retirement uses third party investment consultants to assist in overseeing plan assets. The assets are allocated among different asset classes to meet the expected return at the lowest overall expected risk. MCERA’s current asset classes are as follows:

- U.S. Equities (stocks)
- International Equities
- Private Equity/Alternatives
- U.S. Fixed Income (bonds)
- Real Estate
- Index Funds

Please refer to the current Comprehensive Annual Financial Report (CAFR) for more specific information related to MCERA investments, which may be accessed via the Internet at [www.mcera.merced.ca.us](http://www.mcera.merced.ca.us).

## **Reciprocity**

While you may not transfer the contributions (“roll them over”) earned in another public retirement system to MCERA, you may be able to link your previous retirement service to your current retirement service. Such linking is called reciprocity. Reciprocity is an agreement between two public retirement systems that allows eligible members to move from one employer to another

(during a six-month period) without any loss of credited retirement service or vesting years. Reciprocity enables you to preserve and enhance your total system benefits. Essentially, it gives you portability by allowing you to leave your retirement contributions on deposit regardless of your length of service and to take a deferred retirement.

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NOTE: You must retire concurrently from both systems (or all) systems on the same date if you have established reciprocity unless section 31835.1 applies (this section allows for different retirement dates if you cannot retire on same date due to different age/service requirements). Please notify both (or all) agencies of your intended retirement date in order to start the retirement process from both (or all) retirement systems.

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### Advantages of Reciprocity

- Your current contribution rate is based on your age when you entered the previous agency's system rather than your MCERA entry age and would probably be a lower rate (Tier 1 – III).
- Your years of retirement service at the previous agency count toward meeting the retirement service credit requirement for vesting and eligibility to retire (see "Service Credit" in the Active Employees section).
- Benefits from both retirement systems are based on your highest compensation earnable under either system.
- Those members entering the plan on or after January 1, 2013 who are eligible and establish reciprocity will be placed in Tier III if their membership date with the reciprocal agency was before January 1, 2013.

### Requirements for Reciprocity

- You must have left your contributions on deposit in your previous system.
- You cannot withdraw your contributions from either system once reciprocity has been established. Failure to leave your contributions on deposit with the other system will result in breaking reciprocity and loss of reciprocal benefits.
- You cannot be receiving a retirement from the other system(s) you wish to link.
- The time between systems cannot be greater than 6 months.
- The other system must be another California 37 act county, the California Public Employees Retirement System (CalPERS), the California State Teachers' Retirement System (CalSTERS), and any pension plan that has reciprocity with CalPERS.
- You must not have concurrent or overlapping service credit with MCERA and the reciprocal system. Exhausting leave balances that count as retirement service credit and/or extending your separation date under your previous system beyond your hire date with an MCERA-covered employer will disqualify you for reciprocity.
- You must retire from both systems at the same time unless section 31835.1 applies (this section allows for different retirement dates if you cannot retire on same date due to different age/service requirements).

### Reciprocal Systems

MCERA has reciprocal arrangements with the following systems:

- The California Public Employees' Retirement System of the State of California (CalPERS).
- Any pension plan that has reciprocity with CalPERS
- The California State Teachers' Retirement System (CalSTERS).
- Retirement system in the other 19 counties that operate under the County Employees' Retirement Law of 1937 (AKA the '37 Act):

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

### **Establishing Reciprocity**

Please contact MCERA at 209-725-3636 for the appropriate form. You must also inform the other system that you wish to establish reciprocity.

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Note: Reciprocity is also of interest when employees leave MCERA to join a public agency elsewhere.

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### **Service Credit**

Service credit is the measure of time you earn as a member of MCERA. It is one of the factors used to determine the amount of your retirement benefit (the other factors are age at retirement and your highest average compensation earnable for 26 consecutive pay periods, Tier I or 78 consecutive pay periods, Tier II - IV). You earn one year of retirement service credit for each 2,080 hours worked (not including overtime). Members working variable shift earn proportionate amounts of retirement service credit. Your total years of retirement service credit are reported on your annual benefit statement.

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NOTE: If you have unused sick leave balances when you retire, it is added to your years of retirement service (excluding Merced Cemetery District) in order to enhance your retirement benefit, but they will not be used to determine eligibility to retire.

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### **Types of Service Credit**

You may be eligible to purchase additional retirement service credit. Service credit that can be purchased includes the following:

**Prior Public Agency Service (PPAS)** – You may purchase service credit for prior service in the following public agencies (provided you are not entitled to receive a pension or retirement benefit for this prior service):

- Federal civil service
- Military service
- Some public employers in California

Prior Public Agency Service may only be purchased when the Board of Supervisors opens the window for the purchase. There is no pre-determined time frame as to when this happens.

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**NOTE:** This type of service cannot be used to satisfy the service requirement for vesting or eligibility to retire. To purchase PPAS, you pay twice the contributions that would be required if you had the same length of service as a member of MCERA, including interest that should have been accrued on those contributions. You need to determine if the increased benefit (the increase in your monthly retirement allowance from the enhanced service credit) outweighs the cost of the service credit purchase.

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**Past Service–Ineligible for Membership** – You may receive retirement service credit for a prior period of service for an MCERA-covered employer that was ineligible for membership, such as work classified as temporary, contract employee (not an independent contractor), hourly, part-time or seasonal. Payment would consist of the appropriate member contributions, plus interest that would have accrued on those contributions.

**Past Service–Withdrawn Contributions** – If you left MCERA-covered employment in the past and withdrew your retirement contributions plus related interest, you have no retirement service credit for that period of service. You can restore this retirement service credit in full if you redeposit (pay back) the withdrawn contributions, and any interest that would have accrued on those contributions, under the following conditions

- You returned to your employer and are currently an MCERA member.
- Currently a member in deferred retirement status.
- You are a member of a reciprocal system and are a safety member with that agency or were a safety member with MCERA. Certain restrictions apply so contact MCERA for exact details.

**Leaves of Absence** – Generally, periods of leave without pay, such as a leave of absence, does not earn retirement service credit, nor can this service be purchased. However, you may purchase service credit when you return from certain leaves, as described below.

- **Sick Leave Without Pay**–You may purchase up to one year (12



consecutive months) of service credit upon returning to work from authorized sick leave without pay (with proof of medical condition). You purchase service credit by paying the amount of employee contributions plus interest that would have accrued on those contributions. Service credit may not be received for any period of such absence in excess of twelve (12) consecutive months.

- **Military Leave of Absence**—If you resign from your employer or obtain a leave of absence to enter the armed forces of the United States then return to the same employer, you may purchase service credit for the period of military service. To be eligible for military service credit, members who resign or take of leave of absence to enter military service must re-enter employment within one year after terminating military service to be eligible to purchase his/her military time.

To purchase this military service credit after you are re-employed, you must file a request for the credit with MCERA and provide a copy of your military discharge certificate (DD Form 214 or its equivalent) to verify your military service. You cannot be receiving or eligible to receive a military retirement and your discharge must be honorable. Your account is credited with this retirement service credit after you make the purchase.

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Note: Purchased previous service credit from an MCERA participating employer counts towards your 5 years of eligibility for vesting in MCERA and it counts towards your 10 (Tier I – III) and 5 (Tier IV) years of eligibility for retirement. It will not count towards accumulation of vacation or seniority with an MCERA participating employer.

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### **How to Purchase Service Credit**

Contact MCERA. MCERA staff will send you the appropriate form and tell you what you need to submit to verify the eligibility of the service. Once staff members receive the form and any necessary verification, they will determine the cost of the purchase and send you a repayment notification. You may also download a copy of the Request to Purchase Form located at [www.mcera.merced.ca.us](http://www.mcera.merced.ca.us).

Active employees may make payments through bi-weekly payroll deductions or a lump-sum. Alternatively, you may pay part of the cost in a lump-sum at the start, and then pay the remainder through payroll deductions. You may also purchase or redeposit funds by means of trustee-to-trustee transfer.

### **Lump Sum Payment**

You may choose to make a lump sum payment of the amount due by personal check, money order, certified check, or cash. Cash payments will ONLY be accepted in person.

## Payroll Deductions

If you choose to make payroll deductions to pay for your retirement service credit purchase and your financial situation changes after you sign a payment contract, you may not stop or change your payments. The maximum number of deductions cannot exceed 130 pay periods or 5 years unless approved by the MCERA board.

## Trustee-to-trustee transfer

The following are retirement accounts that can transfer funds to pay for your retirement service purchase:

- Qualified retirement plan (i.e., one established under Section 401 of the Internal Revenue Code) – this category includes defined contribution retirement plans such as 401(k) plans.
- Traditional IRA (i.e., one established under Section 408(a) or (b) of the Internal Revenue Code) – this category includes ‘conduit’ or ‘rollover’ IRAs but excludes Simple IRAs, SEPs, and SARSEPs.
- Eligible deferred compensation plan (i.e., one established under Section 457(b) of the Internal Revenue Code).
- Eligible deferred compensation plan (i.e., one established under Section 403(b) of the Internal Revenue Code).

If you are in a deferred retirement status, you may repay contributions and interest only by lump-sum payment. You must repay ALL contributions and interest, or no retirement service credit will be given (partial service credits are not possible for redeposit’s).

The payment options outlined above will appear on your payment contract, along with any restrictions on the length of time you have to complete the payments.

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**NOTE:** You may purchase retirement service credit with a direct transfer of monies from your employer-sponsored 457(b) account. Contact MCERA for more details about the procedure.

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## Termination before Retirement

If you leave your job before you are eligible for retirement, you may have several options available to you. First, you should contact either your department payroll clerk or the MCERA office to request the required forms.

Upon termination from employment, there are five possible options. Your eligibility for the different options will depend on how many years of eligible retirement service credit you have.

### Options and Eligibility Requirements:

- **Deferred Retirement**–leaving your contributions and interest on deposit with

MCERA so that you can begin receiving a pension in the future. (Available only if you are fully vested with at least five years of retirement service credit). As a deferred member you may receive your retirement allowance at any time that you would have been eligible to retire for service had you remained in employment. You must contact the MCERA office to apply for retirement when you are eligible or when you desire to begin receiving benefits. Deferred members may cancel their deferred retirement election and withdraw their accumulated contributions at any time prior to receiving a retirement allowance unless they have established reciprocity with an eligible public agency.

- **Deferred Retirement with Reciprocity**—leaving your contributions and interest on deposit with MCERA because you are going to work for a county or agency that has a reciprocal arrangement with MCERA and you want the two retirement systems to be linked.
- **A Rollover**—withdrawing your contributions and the interest credited on them by having the tax-deferred portion rolled over directly to an IRA or a new employer's plan, and having any after-tax portion made payable to you.
- **A Lump-Sum Refund (payable to you)**—taking payment of all of your contributions and the interest credited on them. Please note if you choose to have a lump sum refunded to you 20% of it will be deducted for federal taxes.
- **Leave Contributions on Deposit**—if you have less than five years of service you may elect to leave your contributions on deposit. You may elect at any time to rescind in writing this election and withdraw your accumulated contributions.

### **Disposition of Retirement Contributions Form**

To elect any of these options, you must complete and submit the Disposition of Retirement Contributions Form. Contact MCERA or your payroll clerk for a copy. You may also download a copy from [www.mcera.merced.ca.us](http://www.mcera.merced.ca.us).

Please note that for reciprocity, you must join the retirement system of your new employer within 6 months after your termination date. If your entry into that system happens later than 6 months post termination, then you are not eligible to establish reciprocity.

If you choose a deferred retirement with reciprocity, your new employer may base your contributions to its retirement system on your MCERA entry age. If you make this choice, you cannot later change your mind and have your contributions and interest refunded from MCERA; that restriction will be in place as long as you are covered by a reciprocal arrangement.

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**NOTE:** Selecting a refund option will end your membership in MCERA and thus any eligibility for future retirement or disability retirement benefits. Also, these refunds may be subject to taxes and penalties, depending on your age. You will receive the appropriate forms and tax information from MCERA. You can avoid mandatory withholding of 20% for federal income taxes by selecting the rollover option. If you choose this option, the portion of your contribution account eligible will be rolled over directly to an IRA or other qualified plan.

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## Death before Retirement

The type of death benefit offered will depend on the years of service and if the cause of death was service connected or not. You must be actively employed with an MCERA participating employer upon your death in order to leave a continuance to your eligible beneficiary or a lump-sum payment of one month's compensation for each year of your credited service. If you elect a deferred retirement or a deferred retirement with reciprocity your contributions and the interest credited on them will be paid to your designated beneficiary. If you take a refund you will cease to be a member of MCERA's retirement plan and no death benefits will be payable.

### Nonservice-Related Death Benefit

**Less than 5 Years of Service Credit:** If you die before you have five years of retirement service credit, your spouse or dependent children (or other named beneficiary, if you do not have a spouse or children or they are no longer living) will receive a lump-sum payment of any contributions you made, plus interest and one month's compensation for each year of service credit up to six months compensation.

**Five Years or More of Service Credit:** If you have at least five years of retirement service credit at the time of your death the following options are possible:

- **Optional Death Allowance** (available only to your eligible spouse, registered domestic partner or dependent children): This is a monthly payment equal to 60% of the amount that would have been awarded in a nonservice-connected disability retirement. Your surviving spouse or eligible domestic partner may also elect to receive a monthly amount for life of 60% of the retirement allowance to which the member would have been entitled had he/she retired on the day of his/her death. If the member was below qualifying age at the time of death, the surviving spouse or registered domestic partner may elect to leave the member's accumulated contributions on deposit until such time as the member would have attained the qualifying age had he/she lived, at which time the spouse or domestic partner may exercise the option above (this last option is only available if member had at least ten years of retirement service credit).
- **Modified Optional Death Allowance** (available only to your eligible spouse or registered domestic partner): This is a lump-sum payment of one month's compensation for each year of your credited service, up to a maximum of six months' compensation, plus a reduced monthly benefit that will depend on the age of the beneficiary.
- **Death Benefit:** This is a lump-sum payment of one month's compensation for each year of your credited service, up to a maximum of six months' compensation, plus any contributions you made plus interest.

### Service-Related Death Benefit

A service-related death is one that results from a service-connected injury or disease that arises from your employment with a participating employer. If your death is service-related

your surviving spouse or registered domestic partner could receive 100% of what would have been paid in a service-connected disability. In other words, this would be a lifetime monthly allowance equal to 50% of your active final monthly compensation.

### **Additional Benefits for Safety Members**

If you are a Safety member and you die while in the performance of duty and your death was due to extreme force or violence, your spouse would receive an additional lump-sum payment equal to one year's compensation. If you have minor children, your spouse would receive an additional monthly benefit as follows:

- One child—25% of the amount you would receive from the benefit amount calculated under Government Code Section 31787, up to when the child marries or reaches age 18.
- Two children—40% of the amount you would receive from the benefit amount calculated under Government Code Section 31787, up to when each child marries or reaches age 18.
- Three or more children—50% of the amount you would receive from the benefit amount calculated under Government Code Section 31787, up to when each child marries or reaches age 18.

If you do not leave a surviving spouse when you die but you do leave surviving unmarried children under age 18, a legally-appointed guardian of the children shall make an election for all death benefits. The court must appoint a legal guardian, even if a biological parent exists.

MCERA staff will explain the options to your beneficiaries once it receives notification of your death.

### **Brown Bag Meeting**

MCERA also conducts brown bag meetings every three months. Brown bags meetings are held from 12p.m.-1p.m. at the retirement office. They are designed to discuss any questions members may have about retirement and to provide members with an overview of the retirement plan. Please contact MCERA if you would like to attend a brown bag meeting, seating is limited.

# RETIREMENT

## *Employee Member Handbook*



## RETIREMENT

### Retirement Eligibility

Retirement directly from active service with a participating employer is called a service retirement. Your eligibility for retirement depends on your age, your years of service and plan type.

#### General Plan Members

- Tier I Members
  - If you are age 50 and have 10 years of eligible service credit, you may retire.
  - If you have 30 years or more of eligible service credit, you may retire any time, regardless of your age.
  - If you have reached age 70, you may retire anytime, regardless of how many years of service you have. You may retire at 65 if you were a member prior to December 31, 1978.
- Tier II – III Members
  - If you are age 55 and have 10 years of eligible service credit, you may retire.
  - You have reached age 70, you may retire anytime, regardless of how many years of service you have.
  - If you have 30 years or more of eligible service credit, you may retire any time, regardless of your age.
- Tier IV Members
  - If you are age 52 and have 5 years of eligible service credit, you may retire.

#### Safety Plan Members

- Tier I - Tier III Members
  - If you are age 50 and have 10 years of eligible service credit, you may retire
  - If you have 20 years or more of eligible service credit, you may retire anytime, regardless of your age.
  - If you have reached age 70, you may retire anytime, regardless of how many years of service you have. You may retire at 65 if you were a member prior to December 31, 1978.
- Tier IV Members
  - If you are age 50 and have 5 years of eligible service credit, you may retire

### Service Retirement Formula Factors

The formula for your retirement benefit is based on the following:

- Age at retirement.
- Amount of retirement service credit.
- Final Average Salary.

You will receive a percent of your final average compensation for every year of service depending on your age and depending on the Government Code Section your Tier is governed under.

As of March 15, 2005 for general tier I and II County, Solid Waste and as of November 4, 2005 for Merced County Court members will receive a service retirement benefit calculated using the formula under Government Code Section 31676.17. The maximum percent you may receive is 3%, which is reached at age 60 for general Tier 1 and II members.

Benefits for General members in the Merced County Cemetery District and those in Deferred and Deferred Inactive Reciprocity status prior to March 15, 2005 are calculated using the formula in Government Code Section 31676.11 (Tier I and Cemetery) and 31676.1 Tier II).

Benefits for general tier III are calculated using the formula in Government Code Section 31676.1. The maximum percent you may receive is 2.43%, which is reached at age 65 for general members.

Tier IV general members will receive a service retirement benefit calculated under AB 340. The maximum percent you may receive is 2.50%, which is reached at age 67 for general members.

As of July 1, 2005, for safety Tier I and II members will receive a service retirement benefit calculated using the formula under Government Code Section 31664.1. The maximum percent you may receive is 3.00%, which is reached at age 50 for safety members.

Any safety member placed in deferred status prior to 7/1/2005 or any tier III member will receive a service retirement benefit calculated using the formula under Government Code Section 31664. The maximum percent you may receive is 2.62%, which is reached at age 55 for safety members.

Tier IV safety members will receive a service retirement benefit calculated under AB 340. The maximum percent you may receive is 2.70%, which is reached at age 57 for general members.

### **The Age Factor**

Ages used in determining retirement allowances are stated in terms of quarter-years. You will receive an incremental age adjustment, which slightly increases your benefit for each quarter of a year increase in your age up to age 50 for safety



members and age 60 for general members. For example, if you were born in January 1950 and retired in May 2005, your age at retirement would be 55 1/4.

If you select an option other than the “unmodified” allowance, your monthly payment amount will be reduced by your beneficiary’s age as well. If your beneficiary is much younger than you are your retirement benefit can be sharply reduced.

### **Service Credit Factor**

Service credit is based on actual hours worked, excluding any overtime. The following types of service credit, if purchased, count towards eligibility to retire:

- Redeposit of prior membership contributions.
- Prior ineligible service such as extra help, temporary, seasonal or hourly.
- Medical Leave (personal illness not to exceed 12 consecutive months).
- Military Leave (members who re-sign to enter military service must re-enter employment within one year of termination of military service. Employees who take a leave of absence for military service must return to Merced County service within one year of separating from military service to be eligible for purchase).

Prior Public Service may be purchased when the Board of Supervisors allows purchase, but this purchase does not count towards eligibility for retirement. It will however, increase your years of service for calculation purposes.

At retirement your sick leave balance will be converted into years of service for retirement purposes only (you also have the option to convert 100% of your sick leave time into retirement years of service credit). You are only eligible to convert your sick leave balance into retirement years of service credit if you retire directly from an MCERA participating employer (deferred and Merced Cemetery District members are not eligible to convert sick leave hours into retirement service credit). Sick leave balances converted into retirement service credit are not used to determine eligibility for retirement.

### **Final Average Salary (FAS)**

**IMPORTANT NOTICE (1/1/2013): Due to new state legislation and pending litigation regarding those new laws, some of the items described as “pensionable” in this member handbook may not ultimately be included in the member’s pension upon retirement. The outcome of that litigation, and therefore the legal status of those items, is unknown at this time. Please contact MCERA for further information on how this may impact your retirement benefit.**

The monthly average salary is the salary used by MCERA to calculate the

retirement benefit.

- Highest 26 consecutive pay periods (Tier I members only).
- Highest 78 consecutive pay periods (Tier II – IV members only).
- Loyalty bonus (Tier I – III, however please see above for important notice).
- Up to 160 hours of your vacation payoff amount. In addition to getting paid for your vacation balance, up to 160 hours of the payoff amount will also be applied towards your final average compensation (tier I – III, however see above for important notice).
- Sick leave sold back during the 25<sup>th</sup> pay period (tier I – III).
- Vacation sold back during the 25<sup>th</sup> pay period (tier I – III management only).
- Some special pays, for example uniform allowance, bilingual pay, confidential pay, etc. Please contact your payroll clerk for information regarding any additional pay and its applicability for retirement (see above for important notice and the types of special pay included as pensionable are also determined by your tier).

## Optimizing Your Retirement

There are several factors that might optimize your monthly retirement benefit:

- Your birthday, or immediately following your birthday, or at any three-month interval after your birthday is a good time to retire because your age is counted in quarter-years for determination of benefits. Please refer to the government code section your tier is governed under to determine what the age cap is on the incremental age increases.
- Annual cost of living increase, which is effective on April 1<sup>st</sup> of each year. If you plan to retire in the spring, you might want to choose a date no later than April 1st so that your retirement allowance includes any cost-of-living adjustment (Tier I members only).
- If you are a Tier I member and plan to retire within the next year selling any vacation or sick leave during the 25<sup>th</sup> pay period will increase your final average compensation. If you are a Tier II member you should start selling vacation and sick leave hours three years before retirement.
- Accumulating vacation hours, up to 160 hours, prior to retirement. Remember that when retiring you will receive up to 160 hours of your vacation payoff amount applied towards your final compensation in addition to getting paid for it, which will increase your final average salary (Tier I – III, however see important notice above).

## Monthly Retirement Payments

Your monthly payment from the retirement system is called your “retirement benefit.” Retirees can be paid only in the form of monthly payments, not a lump-sum payment. If you terminate your employment before retirement, you may request a lump-sum payment of your contributions. However, you will then be ineligible for any retirement benefits and will not be considered a “retired” member.

## Retirement Options

You can select the retirement option that best meets your needs for providing for a spouse, domestic partner, or other beneficiary. Some of the options require that your monthly allowance be reduced in order to provide a lifetime monthly continuance for your beneficiary.

You will designate a beneficiary when you apply for retirement. This will supersede any previous beneficiary designation. When you retire, you will choose an option that determines how this beneficiary is paid after your death. This is an important decision, as it can affect the amount of the allowance you receive.

### Unmodified Option

This offers you the maximum benefit for your lifetime. If you designate your eligible spouse or domestic partner, he/she will receive a lifetime monthly continuance of 60% (100% if Service Connected Disability) of the amount you were receiving for the rest of his/her life. For your spouse to be considered eligible, he/she must have been married to you for at least one year prior to the time you retired. A domestic partner is eligible if he/she was lawfully registered with you in a domestic partnership one year prior to your retirement. If you designate your unmarried minor children, they will receive a monthly continuance of 60% of the amount you were receiving until they marry or reach age 18, whichever comes first. Children are also considered eligible up to the age of 22 if they remain unmarried and are enrolled as full-time students in an accredited school. If more than one child is designated as your beneficiary, then the benefit will be divided among them.

If you are not married, registered or have any unmarried minor children your beneficiary will NOT receive a continuance. Your beneficiary will only receive any unused contributions that remain on deposit after reducing the entire retirement benefit amount that was given to you throughout your retirement from your contributions (if any remain). Usually members deplete their contributions within two years of retiring with this option.

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Note: Married members and domestic partners generally consider the unmodified allowance the best payment option because the other options reduce the benefit payable to you in exchange for allowing the designation of someone other than your spouse or domestic partner as beneficiary.

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### Option 1

This offers you a reduced allowance for your lifetime. Your beneficiary does not have to be a spouse or domestic partner, but he/she must have an insurable interest in your life (please refer to the "Definition of Terms" section for further explanation). Please note that under California community property law, retiree's

spouse or state registered domestic partner may have certain rights over any designated beneficiary.

Your beneficiary will receive a lump-sum of your unused contributions (if any remain in your account). With this option your contributions are usually exhausted during the first seven years of retirement. Your contributions deplete at a slower rate than the unmodified option. This is the ONLY option that allows you to change your beneficiary after retirement.

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Note: A member who wants a beneficiary to receive a lump-sum benefit generally prefers this option, or a member who requires flexibility in the selection of a beneficiary. Also, members who are in poor health might want to ensure that their beneficiary receives as much benefit as possible because they will not be drawing on the benefit for long and anticipate receiving undistributed contributions.

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### **Option 2**

This offers you a reduced allowance for your lifetime. This particular reduction depends on your age and the age of the beneficiary you designate. Your beneficiary does not have to be a spouse or domestic partner, but he/she must have an insurable interest in your life (please refer to the “Definition of Terms” section for further explanation). Please note that under California community property law, retiree’s spouse or state registered domestic partner may have certain rights over any designated beneficiary.

You may not change your beneficiary after you retire. Your beneficiary will receive a lifetime continuance of 100% of the (reduced) amount you were receiving. When your beneficiary dies, payments stop and no further benefits will be paid. If your beneficiary predeceases you there will be no continuance to your new survivor nor will your monthly allowance increase.

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Note: A member who wants to leave a beneficiary the greatest possible amount of money might prefer this option.

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### **Option 3**

This offers you a reduced benefit for your lifetime. The reduction depends on your age and the age of the beneficiary you designate. Your beneficiary does not have to be a spouse or domestic partner, but he/she must have an insurable interest in your life (please refer to the “Definition of Terms” section for further explanation). Please note that under California community property law, retiree’s spouse or state registered domestic partner may have certain rights over any designated beneficiary.

You may not change your beneficiary after you retire. Your beneficiary will receive a lifetime continuance of 50% of the (reduced) amount you were receiving. When

your beneficiary dies, payments stop and no further benefits will be paid. If your beneficiary predeceases you there will be no continuance to your new survivor nor will your monthly allowance increase.

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Note: A member who wants to minimize the reduction of his or her benefit but still wants to provide a lifetime benefit to a beneficiary might find this option preferable.

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#### **Option 4**

This offers you a reduced benefit for your lifetime. The reduction depends on your age and the age of your beneficiary (ies). This is the ONLY option that allows for multiple beneficiaries. Your beneficiary does not have to be a spouse or domestic partner, but he/she must have an insurable interest in your life (please refer to the "Definition of Terms" section for further explanation). Please note that under California community property law, retiree's spouse or state registered domestic partner may have certain rights over any designated beneficiary.

You may not change your beneficiary after you retire. This option allows member to assign the percent of continuance to each beneficiary. This option cannot be calculated by MCERA staff therefore this option and any estimates for this option will need to be calculated by the actuary. The costs for this calculation will need to be paid by the member. Please contact our office for current cost of calculating option 4. When your beneficiary (ies) dies, payments stop and no further benefits will be paid. If your beneficiary (ies) predeceases you there will be no continuance to your new survivor nor will your monthly allowance increase.

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Note: A member who has a current spouse and an ex-spouse and per court order must nominate an ex-spouse as one of the beneficiary's or provide the ex-spouse with a lifetime benefit must choose this option. If a member wishes to nominate more than one beneficiary for a lifetime benefit, the member must choose this option as well.

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You may change your selected option up until the time your first retirement benefit is issued. After that time, your option selection is irrevocable. Please be advised that if you make a change and do not allow sufficient time for recalculation of your payments, your first payment may be delayed. If you have selected Options No. 2, 3, or 4 you may not change your beneficiary at anytime. For those options, the amount of your retirement allowance is set according to both your age and the age of the beneficiary you select at retirement.

Options are usually mailed to your home address 2-4 weeks after your payoff amounts have been paid in your final paycheck. If you have established reciprocity it usually takes longer because your wage verification information needs to be submitted to MCERA from the other system before we can complete your options.

#### **Temporary Annuity for Retirees under Age 62**

The Temporary Annuity option is a way for members integrated with Social Security to

level their income after retirement. If you retire for years of service before reaching age 62 and are fully insured under Social Security, you may elect to have your MCERA retirement allowances increased prior to age 62 and decreased after age 62 by amounts that have equivalent actuarial values.

Under this optional plan, you would receive more than your normal monthly retirement benefit until you reach age 62. When you reach age 62, your monthly benefits would be reduced below the normal amount for the remainder of your lifetime. After age 62, Social Security benefits should make up the difference in your monthly benefit, however this is not guaranteed since the benefit is based on the estimate provided to you by Social Security and the actual amount you receive from Social Security may be different. It is the member's responsibility to apply for Social Security benefits at age 62 and to provide MCERA with the proper (estimate form) from Social Security.

After you have determined the effective date of your retirement and received an estimate from Social Security, if you so request, MCERA office will calculate an estimate of the benefits payable under the temporary annuity option to assist you in your decision.

### **Cost-of-Living Adjustment (COLA)**

The Retirement Plan provides for a cost-of-living adjustment (COLA) for Tier I members only. Cost-of-living adjustments go into effect on April 1st each year. To be eligible for the COLA enacted in any particular year, you must retire on or before April 1st of that year and be a Tier 1 member. The maximum cost of living increase is 3%.

### **Applying for Retirement**

When the time for your retirement draws near, you are encouraged to meet with MCERA staff to discuss your options. Call (209) 725-3636 to schedule an appointment and to request a retirement packet. The application cannot be submitted more than 60 days prior to your retirement date. It is your responsibility to notify your employer of your retirement.

You can rescind your application or change the retirement date by submitting a written request to MCERA before any retirement benefits have been paid. However, such a request will not automatically reinstate you as an employee. The decision on whether to reinstate you will rest with your former participating employer. So, plan your retirement date carefully!

### **Other Payment Decisions**

When you apply for retirement, you will be required to make a decision as to tax withholding. You will also need to determine which financial institution you want to receive the direct deposit of your monthly retirement benefit electronically (Electronic Fund Transfers–EFT). This is mandatory for all retirees.

Deductions for health, dental, vision, life insurance may be made from your monthly retirement benefit (contact Risk management for more information on health, dental and

life insurance and VSP for vision insurance). Additionally, you can arrange for deductions for Merced Employees' Credit Union (MERCOCU). For your convenience, dues for Retired Employees of Merced County (REMCO) can also be deducted from your retirement benefit.

### **Medical, Dental, Life and Vision Insurance Availability**

Retiree health, dental, and life insurance for you and your dependents may be available. For more information regarding medical, dental and life insurance contact County of Risk Management at 209-385-7356 if you are a County Employee. If you are a Courts employee contact Merced County Superior Court at 209-725-4135. For information on vision insurance contact VSP at 1-800-400-4569.

### **IRC Section 415**

MCERA is a tax-exempt plan under the Internal Revenue code. The tax-exempt status allows your contributions to be paid on a pre-tax basis. One of the requirements for tax exemption is that MCERA cannot pay more than is permitted under the Internal Revenue Code Section 415.

For general members, section 415 also includes an "early" benefit payment reduction. This reduction further limits the amount that general members, as defined by the IRC, may receive when retiring under the age of 62. You may or may not be affected by Section 415 limits. You will be notified if your retirement allowance will exceed the 415 limits.

### **Retirement Timeline** (recommended but not required)

#### **One Year Prior**

- Attend a brown bag meeting. Please contact MCERA for the next meeting date.
- Schedule an appointment with MCERA staff to discuss how you may increase your final compensation.
- Examine prospective effective dates for retirement.
- Request a retirement estimate.
- If you are contemplating marriage or domestic partner registrations make sure you are married one year PRIOR to retirement (you must be married or registered one year prior to marriage for the unmodified option).

#### **Two Months Prior**

- Request an application packet (you will need to submit a copy of your birth certificate, beneficiary's birth certificate, and marriage certificate or domestic partnership registration).
- Check on unused vacation and sick leave.
- Contact Risk Management/Merced County Superior Court for advice on how to lessen tax burden on payoff amounts and to discuss any questions regarding health, dental and life insurance.

- Make an appointment with MCERA staff to discuss any other questions.
- Make an appointment with Risk Management if you are a County employee or Merced County Superior Court if you are a Court employee to discuss any questions regarding health, dental and life insurance.

### **Retirement**

- Final paperwork is usually mailed out 2-4 weeks after your payoff amounts have been paid (your last paycheck).

### **Post Retirement**

- Update your address or telephone as needed.
- Update your Tax Withholding Form if your deductions/life changes.
- Update your survivor information if your beneficiary passes away.
- Contact MCERA if you chose the temporary social security option and your allowance has not been reduced after age 62.
- Contact MCERA if you return to work as a permanent employee for an MCERA participating employer.



# RETIREEES

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## *Employee Member Handbook*



## RETIREES

### Retirement Allowance

You usually receive your first retirement payment 4-8 weeks after your retirement date, although it could take longer if you have established reciprocity. Your first retirement check may be slightly higher than your actual retirement benefit as it usually includes any partial payments from the previous month.

Retirement benefits are paid the last working day of the month. For example, if you retire on December 7th, your first warrant will be January 31st (or the last working day before that, if the 31st falls on a weekend), assuming all the required forms have been submitted prior to submitting payroll for the month of January.

### Cost-of-Living Adjustments (COLAs)

Cost-of-living adjustments for Tier I members only are effective April 1st of each year and are included in monthly benefit payments thereafter. COLAs are applied to service retirements, disability benefits and death benefits. Maximum COLA that can be applied towards a member's allowance is 3% anything over 3% will be banked.

Banking COLA means taking anything over 3% and putting it in a reserve account. If COLA ever falls below 3% and a member has accumulated banked COLA, the accumulated banked COLA will be used and applied toward the COLA amount, not to exceed 3%. For example if the COLA for a given year is 2% and you have accumulated bank COLA of 4% we will take 1% from your bank COLA reserve account and apply it to your total COLA for that year, which will increase it to 3%.

### Deductions

#### Taxes

Generally, retirement benefits are taxable. However, in some cases, all or a portion of the benefit may be excludable from gross income for federal and/or state income taxes. You will need to talk to your accountant or other tax consultant on this subject; MCERA staff cannot give you tax advice.

You should also check with your tax advisor to see if you need to adjust your withholding annually. You may change your withholding at any time. Contact the MCERA staff for the combined federal/state tax withholding form. You can also print this form from MCERA's website at [www.mcera.merced.ca.us](http://www.mcera.merced.ca.us).

The 1099-Rs are sent annually, no later than January 31st of each year. If you do not receive yours within a reasonable amount of time after that date, contact the MCERA staff. Staff will provide you with a duplicate form. Also contact the MCERA staff if your 1099-R seems to be in error. The staff can work with you to resolve the

matter and have a new 1099-R issued if necessary.

### **Health, Dental Life and Vision Insurance**

The County of Merced Risk Management Department and Merced Superior Court administer MCERA retiree's health, dental and life insurance for County or Court employees. MCERA may deduct your monthly health, dental and life insurance premiums from your retirement benefit. All questions about retiree insurance programs, related costs, and requirements should be directed to Risk Management at (209) 385-7356 or Courts at (209) 725-4135.

VSP administers vision insurance for MCERA retiree's. For information regarding vision coverage contact VSP at 1-800-400-4569.

### **Other Deductions**

You can set up deductions for your checking and/or savings accounts and dues for MERCOC and the Retired Employees of Merced County (REMCO).

### **Direct Deposit**

You are required to sign up for direct deposit of your retirement benefit payment. You may change the bank where your benefit payment is deposited, at any time. Contact the MCERA staff for an "Authorization Agreement for Automatic Deposits." You can also print this form from MCERA's website at [www.mcera.merced.ca.us](http://www.mcera.merced.ca.us).

### **Social Security Eligibility**

Social Security Retirement Survivors, Medicare, and Disability benefits available under the Social Security Act are benefits provided by the Federal Government and are separate from contributions to and benefits from MCERA. You must contact the Social Security Administration for your personal benefit review. You can obtain more information through the official Social Security Administration's website at [www.ssa.gov](http://www.ssa.gov) or by calling (800) 772-1213.

### **Beneficiary**

The retirement option selection you made when you retired is irrevocable. However, you may change your beneficiary if you selected Option 1. If your beneficiary pre-deceases you your survivor will only receive the one time death benefit payment (if applicable) and any contributions that are left on deposit, if any remain. Please notify MCERA if your beneficiary predeceases you even if your option does not allow you to change the beneficiary.

Your beneficiary will need to contact MCERA and notify our office of your death. Upon notification MCERA staff will verify that the beneficiary applying for benefits is as you

designated and determine the payable benefits. The staff will send the appropriate forms and written advice to your beneficiary.

### **Continuing Health Care for Survivors**

For information regarding your surviving spouse and minor dependents medical options after your death please contact Risk Management at (209) 385-4978 if you are a County Employee or (209) 725-4135 if you are a Court Employee.

### **Death Benefits after Retirement**

Regardless of which payment option you selected, a lump-sum burial allowance of \$3,000 will be paid to your beneficiary or estate. If you were a retiree with reciprocity, only one such allowance is payable, and it will be paid by the retirement system you were with last as an active member. Check with the reciprocal system to verify the lump-sum burial allowance amount that it will pay.

Your post-retirement death benefits depend on which payment option you chose and whom you designated as beneficiary for continuance of your retirement allowance:

#### **Unmodified Option**

- If you designated your eligible spouse/domestic partner as beneficiary, he or she will receive a lifetime monthly continuance that is 60% of the allowance you were receiving (or 100%, if you retired with a service-connected disability). When your spouse/domestic partner dies, payments will stop and no further benefits will be paid.
  - For your spouse/domestic partner to be eligible you must have been married or in a registered domestic partnership for at least one year before you retired.
- If you designated your unmarried minor children as beneficiaries, they may receive a monthly continuance that is 60% of the allowance you were receiving, divided among them (100% if you retired for a service-connected disability).
  - Your children will remain eligible until they marry or reach age 18 (or age 22 if they remain unmarried and enrolled as full-time students in an accredited school). When they cease to be eligible, payments will stop and no further benefits will be paid.
- If your beneficiary pre-deceases you your survivor will only any contributions that are left on deposit, if any remain.
- If you designated someone other than a spouse, domestic partner or minor child as your beneficiary he/she will only receive any contributions that remain on deposit, if any remain.

#### **Option 1**

- Any unused member contributions will be paid to your beneficiary in a lump-sum upon your death. No further benefits will be paid.
- You may change your beneficiary at any time if you have elected this option.

### **Option 2**

- Your beneficiary will receive 100% of the allowance you were receiving for his or her lifetime. When your beneficiary dies, payments will stop and no further benefits will be paid.
- If your beneficiary pre-deceases you your survivor will only any contributions that are left on deposit, if any remain.

### **Option 3**

- Your beneficiary will receive 50% of the allowance you were receiving for his or her lifetime. When your beneficiary dies, payments will stop and no further benefits will be paid.
- If your beneficiary pre-deceases you your survivor will only receive any contributions that are left on deposit, if any remain.

### **Option 4**

- Your beneficiary will receive the percent specified of the allowance you were receiving for his/her or their lifetime. When your beneficiary (ies) dies, payments will stop and no further benefits will be paid.
- If all your beneficiaries pre-decease you your survivor will only receive any contributions that are left on deposit, if any remain.

## **Post-Retirement Employment**

Post-retirement employment outside the framework of MCERA participating employers will not affect payment of your retirement allowance.

If you wish to work for any of the MCERA participating employers after you retire, you cannot be paid for your work unless you are working in the following capacity:

- In a position that requires special knowledge and skills that you have.
- As a juror.
- As an election officer.
- As a field deputy for registration of voters.
- As a member of the Board of Retirement.
- As an independent contractor.
- As an extra help employee.

Also, you cannot be paid for more than 120 working days or 960 hours (whichever is greater) per fiscal year for any post-retirement work you do for an MCERA participating employer.

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Note: If you retire on a disability you CANNOT return to work for an MCERA participating employer under any conditions including extra-help, unless section 31725.65 or 31730 apply. Please contact MCERA for more information.

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If you return to work as a permanent employee with an MCERA participating employer, your monthly retirement benefit will be suspended—you will stop receiving your retirement allowance during the period you are working again. If you failed to notify MCERA immediately and as a result benefits have been paid to you during your permanent reemployment you will be liable for those over paid benefits. You must contact MCERA immediately after returning to work for an MCERA employer as a permanent employee.

If you return to work for an MCERA employer as a permanent employee, while you are working, you will have retirement contributions deducted from your paychecks. Your contribution rate will be based on the same age as it was during your earlier employment, unless you took and retired under the early incentive to retire program (Golden Handshake). If retired under the early incentive to retire program and return to work as a full time employee for an MCERA employer your contribution rate will be based as if you were a new employee entering the system.

When you decide to retire again, payment of your retirement allowance will resume. The monthly amount will be recalculated to reflect any additional years of service credit you accumulated during your return to employment. If you first retired under the early incentive for retirement program, your retirement will be recalculated based on your previous retirement WITHOUT the additional years of retirement that the early incentive program provided you with.

For information on what happens to your retiree health insurance coverage, contact the County of Merced Risk Management Office at (209) 385-2978.

### **Normal Retirement Age**

The Board of Retirement has adopted resolutions defining normal retirement age as 50 for Safety Employee Members and as age 60 for Miscellaneous Employee members. The resolutions also require that a “bona fide” separation from service must occur before any retired member who is younger than normal retirement age can be employed as a retiree by an MCERA employer. A bona fide separation from service is based on two factors:

- The absence of a predetermined arrangement to return to work with an MCERA employer.
- A minimum of 60 day break in service from the date of retirement to the date post-retirement employment begins.

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If you are a retiring safety member, 50 years or older or a retiring general member, 60 years or older, these regulations do not apply to you.

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For members who retire younger than “normal retirement age,” the member must:

- Have a 60 day separation from employment and
- Not have any pre-determined arrangement with an MCERA employer for the member to return to work after retirement.

If a member who retires below normal retirement age returns to work without complying with conditions above they will be asked to terminate employment within 30 days of notification by MCERA and may not return to work for 365 days or until they reach normal retirement age whichever occurs first. Members who fail to terminate employment may be subject to having retirement benefits terminated.

### **AB340 – Post – Retirement Public Employment Limitations**

AB340 was signed on September 12, 2012 by Governor Jerry Brown, which places limits on post - retirement public employment. A retired person who is receiving a pension benefit from a public retirement system shall not serve, be employed by, or be employed through a contract directly by, a public employer in the same public retirement system from which the retiree receives the benefit without reinstatement from retirement except:

- Upon appointment by the appointing power of a public employer either during an emergency to prevent stoppage of public business or because the retired person has skills needed to perform work of limited duration.
  - Appointments shall not exceed 960 hours total, for all employers in that public retirement system, based on a calendar or fiscal year.
  - The rate of pay for the appointment shall not be less than the minimum nor greater than the maximum paid to other employees performing comparable duties, divided by 173.333 to equal an hourly rate.
  - No service credit or retirement rights shall be acquired by the retiree unless he or she reinstates from retirement.
  - In no case is a retired person eligible for appointment if he or she received any unemployment insurance compensation arising out of prior employment during the 12-month period prior to an appointment.

### **Requirements for a 180-day “sit-out” period before a retiree can return to work for a public agency.**

A retired person is not eligible to be employed for a period of 180 days following the date of retirement unless he or she meets one of the following criteria:

- The employer certifies that the appointment is necessary to fill a critically needed position before 180 days has passed **and** the appointment has been approved by the governing body of the employer in a public meeting and not on a consent calendar.
- If the retiree is a public safety officer or firefighter the 180 day "sit-out" period does not apply.
- A retiree who accepted a retirement incentive (golden handshake, cash incentive) is subject to the 180 day requirement, without exception.

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Note: MCERA's normal retirement age still applies even if member is eligible to return to work under AB340. Please contact MCERA for more information.

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## Life Events Changes

If you have questions about any situations that are not covered below, please contact the MCERA staff. Many of the forms mentioned below can also be printed from the MCERA website:

- Request for Change of Address
- Request for Change of Beneficiary
- Authorization Agreement for Automatic Deposits
- Combined Federal and State Tax Withholding Form
- Personal Information Changes or Family Changes
- Divorce
- Marriage
- Name Change
- Permanent Employment with an MCERA Employer
- Social Security Option
  - Please contact our office if you chose the Temporary Annuity for Retirees under Age 62 and your benefit has not been reduced after age 62. You will be liable for any excess payments.



**DISABILITY RETIREMENT**  
*Employee Member Handbook*

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## DISABILITY RETIREMENT

If you become disabled during employment, you may be eligible for a disability retirement. For purposes of MCERA, “disabled” means that there is an inability to substantially perform the usual duties of a position. It is not necessary that the person be physically or mentally incapable of performing each and every duty or task that might arise within the job classification. A person’s incapacity is permanent if change for the better or worse is not to be reasonably anticipated under usual standards. Please refer to the Disability Handbook located at [www.mcera.merced.ca.us](http://www.mcera.merced.ca.us) for more information regarding the disability retirement process.

### Types of Disability Retirements:

#### Service-Connected

The incapacity is a result of injury or disease arising out of and in the course of employment, the employment causation is “real and measurable” and the employment contributed substantially to the incapacity. For a service-connected disability, the monthly allowance is 50% of your final compensation earnable or the amount of your service retirement allowance, whichever is greater. For questions regarding taxation, you should consult with your tax advisor

#### Nonservice-Connected

The incapacity is not related to your job. You must have at least five (5) years of service credit to be considered for a non-service connected disability retirement. (NOTE: Approved reciprocal service in a system with reciprocity counts toward these required five years). The benefit for non-service connected disability is based upon a formula not to exceed one-third of your final compensation or the amount of your service retirement allowance, whichever is greater.

Disability benefits are not necessarily lifetime benefits. The Board may require any disability benefit recipient under age 55 to undergo a medical examination. Upon the basis of the examination, the Board determines whether the disabled member is still incapacitated for service in the position of the MCERA-covered employer where the member was employed. If you are found no longer disabled, you may be placed on a re-employment list. If you are reemployed by the County or participating employer your disability retirement allowance will be discontinued. After age 55, disability retirement becomes a lifetime benefit.

Contact MCERA staff to request a disability retirement packet. This packet will contain copies of procedures, rules, and forms, some of which you will need to complete. Generally, your application must be submitted while you are still in service or within four months after you cease to be in service. An application may be filed on your behalf by your department head or by another person. In addition, the Board of Retirement may require that you undergo a medical examination at MCERA’s expense. This examination

will be conducted by an independent medical examiner selected by the Board.

### **Service Retirement Pending a Disability Retirement**

If you are eligible for a regular service retirement you may file an application regardless of whether you are disabled or not. Pending your disability retirement you will receive a service retirement. If you are found disabled by the Board your retirement will be adjusted retroactive to the effective date of the disability retirement. If your disability application is denied and you were receiving a service retirement you may not return to your job. If it is not approved, you will remain a retiree—you may not cancel your service retirement

### **Action by the Board of Retirement**

Your disability retirement hearing will not be open to the public. The Board will determine whether you are permanently incapacitated for performance of your assigned duties and whether your disability is service-connected or nonservice-connected. You will be notified in writing of the Board's decision.

If you disagree with the initial decision, you will have 15 calendar days from the decision date to seek a Formal Review. You may submit additional medical records, statements from co-workers or any other proof supporting your claimed disability. If your case is denied, you have 90 calendar days to file for judicial review in Superior Court.

### **The Disability Process Timeline**

The Board of Retirement generally will hold a hearing on your disability retirement application four to eight months after the application has been filed. You can expedite matters by submitting copies of all medical records, forms, letters, chart notes and/or test results from any medical facility that has treated or examined you. If the Board approves your application, your disability retirement allowance will be paid from the later of two dates: the date you filed your application or the last date for which you received compensation (including sick leave, vacation, and, for Safety members, 4850 compensation).

### **Lump-Sum Payment**

If the Board determines that your incapacity is the result of alcohol or drug abuse, willful misconduct, or a violation of law and your contributions would have provided a retirement allowance of less than \$240 a year, the Board has the option of paying you a lump-sum of your contributions plus interest, rather than a monthly disability payment.

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Note: Disability members CANNOT return to work for an MCERA participating employer under any conditions unless sections 31725.65 or 31730 apply. Refer to an MCERA staff member for more information.

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# **Legal Matters**

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## ***Employee Member Handbook***



LEGAL MATTERS

## **MCERA Administration**

The full legal name of the retirement system is the **Merced County Employees' Retirement Association**.

## **Employee Member Handbook**

If there are any discrepancies between this information booklet description and the California Government Code, please be advised that the Government Code is authoritative.

## **Confidentiality of Records**

MCERA is required to protect the confidentiality of member records. Most information about your account cannot be provided to anyone else without your written consent, unless it is under a court-ordered action.

## **Garnishments**

In general, your contributions on deposit with MCERA and your retirement benefits are not subject to garnishment or other attachment except as follows:

- A court may order MCERA to pay a portion of your retirement benefit to cover a judgment for spousal or child support.
- Your retirement benefits are subject to levy by the Internal Revenue Service for payment of delinquent federal income taxes.

In either case, this would not take place until after you had terminated employment or retired.

## **Power of Attorney**

A power of attorney may include the designation of a representative to conduct your retirement affairs. Because all power of attorney forms are not the same, it is recommended that you consult with an attorney before signing any document of this type. A General or a Durable General Power of Attorney will usually enable your attorney-in-fact to perform duties such as address changes, federal and/or state tax withholding elections, endorsing checks and filing affidavits for lost retirement checks. Only a specialized type of power of attorney will allow the attorney-in-fact to select a retirement option or designate a beneficiary. You should give careful consideration to the powers you are granting.

## **Living Trusts and Beneficiary Changes**

Under the existing Government Code, a living trust instrument cannot be designated as a "beneficiary" to receive a continuance. In the event of your death, if there are retirement

funds existing, they will be distributed to your named beneficiary or to your estate only.

It is very important that you update your beneficiary status when and if any changes in your life occur (for example, divorce, death of a spouse, or a new marriage). You can get a “Request for Change of Beneficiary” form from the MCERA website at [www.mcera.merced.ca.us](http://www.mcera.merced.ca.us) or you may contact the MCERA office to have a form sent to you.

## **Dissolution of Marriage**

California is a community property state. Retirement plan benefits earned during marriage are community property, subject to division on dissolution of marriage. If you have not retired at the time of dissolution, the division of community property is delayed until the time benefits become payable at your retirement or termination.

If you divorce after you retire, you will have already selected a retirement payment option. The court can only order division of the monthly payments you receive. At your death, all payments will terminate. A former spouse (not married to you at the time of death) does not qualify as a surviving spouse eligible to receive a monthly continuance benefit. If you become involved in marriage dissolution, contact MCERA staff for detailed information.

## **Joinder**

Family Code Section 2060(b) states that an order or judgment in a dissolution or other family law proceeding is not enforceable against a pension plan unless the plan has been joined as a party to the proceeding. Therefore, MCERA will need to be joined as a party to divorce proceedings.

MCERA will also need an executed court judgment or a settlement agreement signed by the court judge dividing and awarding the pension interest of the non-member spouse. This court order is required to be received by the Retirement Office before we can begin to pay the non-member's community property interest in the retiree's pension.

Further, please be advised the Merced County Employees' Retirement Association is not legally responsible for any pension payments or amounts ordered to the non-member spouse until actual receipt of such officially entered court order or judgment.

## **History of Merced County Retirement System**

On July 1, 1950, the Board of Supervisors established a retirement system under the provisions of the “County Employees’ Retirement Law of 1937” (CERL).

On January 1, 1956, after a referendum held among eligible County Employees the system integrated with Social Security.

### **Benefit Levels**

On November 14, 1971, Section 31676.11 of the Government Code was adopted by the Board of Supervisor's adding major improvements in benefits for retirement. This level of benefits was made applicable to Safety members on January 1, 1971.

- On July 1, 2002, Section 31676.14 improvements were adopted and made available to "A Level Managers" only.
- On March 15, 2005, Section 31676.17 was adopted for some miscellaneous members.
- On July 1, 2005, Section 31664.1 was adopted for Safety members.
- On November 4, 2005, Section 31676.17 was adopted for employees of the Merced County Courts.

### **Years of Compensation**

- On April 1, 1971, the Board of Supervisors approved Section 31462.1 (Tier 1 members) defining final compensation as the average annual compensation earnable by a member during any one year elected by the member.
- On June 14, 1994, the Board of Supervisors approved Section 31462. (Tier 2 members) defining final compensation as the average annual compensation earnable by a member during any three consecutive years elected by a member.

### **Death Benefits**

- On March 1, 1972, the Retirement Board authorized the payment of a \$750.00 Death Benefit to all Retirees.
- On March 10, 1988, this benefit was increased to \$1,000.00. Section 31789
- On May 2, 2006, this benefit was increased to \$3000.00 Section 31789.3

### **Retirement Age**

- On November 14, 1971, the Board of Supervisors authorized Retirement for General Members at age 50 after 10 years of service. Section 31672.1 (Tier 1 members)
- On June 14, 1994, the Board of Supervisors approved Retirement for General Members at age 55 after 10 years of service. Section 31672 (Tier 2 members)

### **Cost of Living**

On April 1, 1975, an annual Cost of living Adjustment (COLA) for Retired Members was adopted. This Adjustment is effective April 1 of each year in accordance with the Consumer Price Index. The current maximum increase in any year is 3%. Section 31870.1

### **Contribution Payments**

- On July 4, 1977, the County began to pay 25% of the Employees' Normal Contribution.
- On July 2, 1979, the County increased its payment to 37 ½%.
- On June 30, 1980, the County increased its payment to 50%.
- On March 15, 2005 the County stopped paying any part of the Employee's Normal Contribution. Presently, the County and the employee each pay their full share of their contribution. Section 31581.1

### **Other Dates to Remember**

- November 14, 1971 –31676.11 Benefits adopted for Tier 1 Miscellaneous Members
- September 20, 1993 – Probation Officers Became Safety Members
- June 14, 1994 – Tier 2 established for Miscellaneous Members and Probation employees
- December 31, 1996 – MCMC Hospital Sold
- July 1, 1998 – Tier 2 established for Sheriff and Marshal Employees
- August 11, 2000 - Settlement of Ventura 2 Litigation
- July 1, 2000 – All "A Level Managers" brought into Tier 1
- March 15, 2005 – 31676.17 Benefits adopted for Tier 1 and 2 Miscellaneous Active Members
- July 1, 2005 – 31664.1 Benefits adopted for Tier 1 and 2 Safety Active Members



# **ESTIMATING YOUR RETIREMENT** *Employee Member Handbook*



# ESTIMATING YOUR RETIREMENT

## Receiving an MCERA Estimate

You may request an “official estimate” of your MCERA retirement benefits by completing an Estimate Request form. Estimate Request forms are available from the MCERA office. Please allow two to four weeks for receipt of your official estimate. Please remember that the information provided in your “official estimate” is only an estimate of your benefit. Your actual benefits at retirement may vary due to changes in your salary or years of service. You may go to the Website [www.mcera.merced.ca.us/retire.cfm](http://www.mcera.merced.ca.us/retire.cfm) to calculate your own estimate or you may request an unofficial calculation from the MCERA office.

## Estimating Your Retirement Allowance

As you use this section, bear in mind that this will help you create an estimate, not a calculation of your actual benefit. Your true benefit will depend on the particulars of your employment history at the time you retire. In addition, the California Government Code provisions governing the Retirement Plan, as well as the By-Laws and the Regulations governing MCERA, which may change between now and the time you retire. The information provided here will give you an estimate of the retirement allowance you might receive under the “Unmodified” Option only. You are welcome at any time to contact the MCERA office for a benefit estimate, or you can create your own estimate via the website at [www.mcera.merced.ca.us/retire.cfm](http://www.mcera.merced.ca.us/retire.cfm).

## How to Compute a Retirement Allowance Estimate

Retirement allowances are based on a percentage of average monthly salary for the last or highest paid year of service. This average monthly salary is called final compensation. Determine final compensation by adding the bi-weekly salary for the latest or highest 26 (Tier I) or highest 78 (Tier II) pay periods and dividing the sum by 12 (Tier I) or 36 (Tier II). For example:

The average monthly salary for a Tier I member is computed as follows:

<u>Bi-weekly Salary</u>		<u>Pay Periods</u>		
\$1,156.80	x	10	=	\$11,568.00
\$1,215.20	x	<u>16</u>	=	<u>\$19,443.20</u>
		26	=	\$31,011.20    Average Yearly Salary

Average yearly salary / 12 = Average monthly salary

Example: \$31,011.20 / 12 = \$ 2,584.27

After computing the average salary, find the percentage that applies to the age and years of service at retirement as shown in “Charts and Tables” section. This illustration is referring to Table I. There is a separate Table for safety members. A miscellaneous member age 60 with 25 years of service has a factor of 75.00. Multiply the appropriate percentage times the average salary:

Average monthly salary X Factor = Monthly allowance

Example: \$ 2,584.27 x 75% = \$ 1,938.21

Due to social security integration members must then reduce their retirement allowances by the social security factors. The reduction is dependent on your age at retirement and the number of years of social security coverage you have in the County or district. An estimate of the reduced retirement allowance from the Retirement Association may be computed as follows:

1. Compute your unmodified service retirement allowance from the example on the above.
2. Determine the reduction factor for your age at retirement from the Reduction Factor Chart. Please refer to the "Charts and Table" section.
3. Determine your number of years of social security coverage as an employee of the County or district, generally, the number or years after January 1, 1956.
4. Multiply the reduction factor times your number of years with social security coverage to obtain the amount of reduction.
5. Subtract the amount of reduction from your unmodified allowance to determine your reduced retirement allowance.

Continuing with the example above, a miscellaneous member who retired at age 60 with 25 years of service and had been covered by Social Security during the last 25 years of county employment computes the reduced retirement allowance as follows:

Unmodified Retirement Allowance	\$1,938.21
Reduction, 25 years x \$2.55 = 63.75	- 63.75
<b>Reduced Unmodified Allowance</b>	<b>\$1,874.46</b>

Please see next page for a worksheet to assist you in estimating your retirement benefit allowance.

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**Note: Social Security benefits are in addition to the Retirement Association benefits**

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# WORKSHEET

## 1. Compute Total Final Compensation Salary

Bi-Weekly Salary	X	No. of Pay Periods (26 Tier I or 78 Tier II)	Total
\$	x		\$
\$	x		\$
\$	x		\$
\$	x		\$
\$	x		\$
\$	x		\$
\$	x		\$
\$	x		\$
<b>Total Final Comp Salary</b>			\$

## 2. Compute Monthly Salary

Total Final Compensation Salary		\$
Divide by 12 if Tier I or 36 if Tier II	/	
Total Monthly Average Salary		\$

## 3. Compute Monthly Allowance Before Social Security Reduction

Total Monthly Average Salary		\$
Multiply by Factor (Charts and Tables Section)	x	
Monthly Allowance (Before Social Security Reduction)		\$

## 4. Compute Social Security Reduction Amount

Reduction Factor (Charts and Tables Section)		\$
Multiply by Years of Service Credit	x	
Total Social Security Reduction Amount		\$

## 5. Compute Monthly Allowance After Social Security Reduction

Monthly Allowance (Before Social Security Reduction)		\$
Subtract Total Social Security Reduction Amount	-	
Estimated Monthly Retirement Benefit		\$

# CHARTS AND TABLES

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## *Employee Member Handbook*



# TABLES AND CHARTS

TABLE I  
GENERAL MEMBERS - TIER I & II  
SECTION 31676.17

PERCENTAGE OF FINAL COMPENSATION

Years of Service	AGE *NO CHANGE OF PERCENTAGE AFTER AGE 60																				
	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	
5		10.00	10.50	11.00	11.50	12.00	12.50	13.00	13.50	14.00	15.40	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00
6		12.00	12.60	13.20	13.80	14.40	15.00	15.60	16.20	16.80	17.40	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00
7		14.00	14.70	15.40	16.10	16.80	17.50	18.20	18.90	19.60	20.30	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00
8		16.00	16.80	17.60	18.40	19.20	20.00	20.80	21.60	22.40	23.20	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00
9		18.00	18.90	19.80	20.70	21.60	22.50	23.40	24.30	25.20	26.10	27.00	27.00	27.00	27.00	27.00	27.00	27.00	27.00	27.00	27.00
10		20.00	21.00	22.00	23.00	24.00	25.00	26.00	27.00	28.00	29.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00
11		22.00	23.10	24.20	25.30	26.40	27.50	28.60	29.70	30.80	31.90	33.00	33.00	33.00	33.00	33.00	33.00	33.00	33.00	33.00	33.00
12		24.00	25.20	26.40	27.60	28.80	30.00	31.20	32.40	33.60	34.80	36.00	36.00	36.00	36.00	36.00	36.00	36.00	36.00	36.00	36.00
13		26.00	27.30	28.60	29.90	31.20	32.50	33.80	35.10	36.40	37.70	39.00	39.00	39.00	39.00	39.00	39.00	39.00	39.00	39.00	39.00
14		28.00	29.40	30.80	32.20	33.60	35.00	36.40	37.80	39.20	40.60	42.00	42.00	42.00	42.00	42.00	42.00	42.00	42.00	42.00	42.00
15		30.00	31.50	33.00	34.50	36.00	37.50	39.00	40.50	42.00	43.50	45.00	45.00	45.00	45.00	45.00	45.00	45.00	45.00	45.00	45.00
16		32.00	33.60	35.20	36.80	38.40	40.00	41.60	43.20	44.80	46.40	48.00	48.00	48.00	48.00	48.00	48.00	48.00	48.00	48.00	48.00
17		34.00	35.70	37.40	39.10	40.80	42.50	44.20	45.90	47.60	49.30	51.00	51.00	51.00	51.00	51.00	51.00	51.00	51.00	51.00	51.00
18		36.00	37.80	39.60	41.40	43.20	45.00	46.80	48.60	50.40	52.20	54.00	54.00	54.00	54.00	54.00	54.00	54.00	54.00	54.00	54.00
19		38.00	39.90	41.80	43.70	45.60	47.50	49.40	51.30	53.20	55.10	57.00	57.00	57.00	57.00	57.00	57.00	57.00	57.00	57.00	57.00
20		40.00	42.00	44.00	46.00	48.00	50.00	52.00	54.00	56.00	58.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00
21		42.00	44.10	46.20	48.30	50.40	52.50	54.60	56.70	58.80	60.90	63.00	63.00	63.00	63.00	63.00	63.00	63.00	63.00	63.00	63.00
22		44.00	46.20	48.40	50.60	52.80	55.00	57.20	59.40	61.60	63.80	66.00	66.00	66.00	66.00	66.00	66.00	66.00	66.00	66.00	66.00
23		46.00	48.30	50.60	52.90	55.20	57.50	59.80	62.10	64.40	66.70	69.00	69.00	69.00	69.00	69.00	69.00	69.00	69.00	69.00	69.00
24		48.00	50.40	52.80	55.20	57.60	60.00	62.40	64.80	67.20	69.60	72.00	72.00	72.00	72.00	72.00	72.00	72.00	72.00	72.00	72.00
25		50.00	52.50	55.00	57.50	60.00	62.50	65.00	67.50	70.00	72.50	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00
26		52.00	54.60	57.20	59.80	62.40	65.00	67.60	70.20	72.80	75.40	78.00	78.00	78.00	78.00	78.00	78.00	78.00	78.00	78.00	78.00
27		54.00	56.70	59.40	62.10	64.80	67.50	70.20	72.90	75.60	78.30	81.00	81.00	81.00	81.00	81.00	81.00	81.00	81.00	81.00	81.00
28		56.00	58.80	61.60	64.40	67.20	70.00	72.80	75.60	78.40	81.20	84.00	84.00	84.00	84.00	84.00	84.00	84.00	84.00	84.00	84.00
29		58.00	60.90	63.80	66.70	69.60	72.50	75.40	78.30	81.20	84.10	87.00	87.00	87.00	87.00	87.00	87.00	87.00	87.00	87.00	87.00
30		60.00	63.00	66.00	69.00	72.00	75.00	78.00	81.00	84.00	87.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00
31		62.00	65.10	68.20	71.30	74.40	77.50	80.60	83.70	86.80	89.90	93.00	93.00	93.00	93.00	93.00	93.00	93.00	93.00	93.00	93.00
32		64.00	67.20	70.40	73.60	76.80	80.00	83.20	86.40	89.60	92.80	96.00	96.00	96.00	96.00	96.00	96.00	96.00	96.00	96.00	96.00
33		66.00	69.30	72.60	75.90	79.20	82.50	85.80	89.10	92.40	95.70	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00
34		68.00	71.40	74.80	78.20	81.60	85.00	88.40	91.80	95.20	98.60	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
35			73.50	77.00	80.50	84.00	87.50	91.00	94.50	98.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
36				79.20	82.80	86.40	90.00	93.60	97.20	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
37					85.10	88.80	92.50	96.20	99.90	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
38						91.20	95.00	98.80	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
39							97.50	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
40								100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00		
41									100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00				
42										100.00	100.00	100.00	100.00	100.00	100.00	100.00					
43											100.00	100.00	100.00	100.00							
44												100.00	100.00								
45													100.00								

TABLE II  
GENERAL MEMBERS - TIER I - DEFERRED & OUTGOING RECIPROCITY  
SECTION 31676.11

PERCENTAGE OF FINAL COMPENSATION

Years of Service	AGE *NO CHANGE OF PERCENTAGE AFTER AGE 65																			
	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65
10					12.42	13.14	13.91	14.75	15.67	16.67	17.41	18.41	19.48	20.61	21.82	22.68	23.54	24.40	25.26	26.11
11					13.66	14.45	15.30	16.23	17.24	18.33	19.15	20.25	21.42	22.67	24.00	24.95	25.89	26.84	27.78	28.72
12					14.90	15.77	16.69	17.70	18.80	20.00	20.89	22.10	23.37	24.73	26.19	27.22	28.25	29.28	30.31	31.34
13					16.15	17.08	18.08	19.18	20.37	21.67	22.63	23.94	25.32	26.79	28.37	29.48	30.60	31.72	32.83	33.95
14					17.39	18.40	19.47	20.65	21.94	23.33	24.38	25.78	27.27	28.85	30.55	31.75	32.95	34.16	35.36	36.56
15					18.63	19.71	20.87	22.13	23.51	25.00	26.12	27.62	29.22	30.91	32.73	34.02	35.31	36.60	37.88	39.17
16					19.87	21.02	22.26	23.60	25.07	26.67	27.86	29.46	31.16	32.97	34.91	36.29	37.66	39.04	40.41	41.78
17					21.11	22.34	23.65	25.08	26.64	28.33	29.60	31.30	33.11	35.03	37.10	38.56	40.01	41.47	42.93	44.39
18					22.36	23.65	25.04	26.55	28.31	30.00	31.34	33.14	35.06	37.09	39.28	40.82	42.37	43.91	45.46	47.00
19					23.60	24.97	26.43	28.03	29.77	31.67	33.08	34.99	37.01	39.16	41.46	43.09	44.72	46.35	47.98	49.62
20					24.84	26.28	27.82	29.50	31.34	33.33	34.82	36.83	38.95	41.22	43.64	45.36	47.08	48.79	50.51	52.23
21					26.08	27.59	29.21	30.98	32.91	35.00	36.56	38.67	40.90	43.28	45.83	47.63	49.43	51.23	53.04	54.84
22					27.32	28.91	30.61	32.45	34.47	36.67	38.31	40.51	42.85	45.34	48.01	49.90	51.78	53.67	55.56	57.45
23					28.57	30.22	31.99	33.93	36.04	38.33	40.05	42.35	44.80	47.40	50.19	52.16	54.14	56.11	58.09	60.06
24					29.81	31.54	33.28	35.40	37.61	40.00	41.79	44.19	46.74	49.46	52.37	54.43	56.49	58.55	60.61	62.67
25					31.05	32.85	34.78	36.88	39.18	41.67	43.53	46.03	48.69	51.52	54.55	56.70	58.85	60.99	63.14	65.28
26					32.29	34.16	36.17	38.35	40.74	43.33	45.27	47.87	50.64	53.58	56.74	58.97	61.20	63.43	65.66	67.89
27					33.53	35.48	37.56	39.83	42.31	45.00	47.01	49.72	52.59	55.64	58.92	61.24	63.55	65.87	68.19	70.51
28					34.78	36.79	38.95	41.30	43.88	46.67	48.75	51.56	54.53	57.70	61.10	63.50	65.91	68.31	70.71	73.12
29					36.02	38.11	40.34	42.78	45.44	48.33	50.49	53.40	56.48	59.76	63.28	65.77	68.26	70.75	73.24	75.72
30	29.78	31.56	33.40	35.28	37.27	39.41	41.73	44.25	47.00	50.00	52.23	55.24	58.43	61.82	65.47	68.04	70.61	73.19	75.78	78.33
31		32.63	34.52	36.46	38.51	40.72	43.12	45.73	48.56	51.67	53.98	57.08	60.38	63.89	67.65	70.31	72.97	75.64	78.30	80.94
32			35.63	37.63	39.75	42.04	44.51	47.20	50.13	53.33	55.72	58.92	62.33	65.95	69.83	72.58	75.32	78.08	80.83	83.55
33				38.81	41.00	43.35	45.90	48.68	51.69	55.00	57.46	60.76	64.27	68.01	72.01	74.84	77.68	80.52	83.36	86.16
34					42.24	44.66	47.29	50.15	53.26	56.67	59.20	62.61	66.22	70.07	74.19	77.71	80.04	82.96	85.88	88.77
35						45.98	48.68	51.63	54.83	58.33	60.94	64.45	68.17	72.13	76.37	79.38	82.39	84.50	88.41	91.39
36							50.08	53.10	56.39	60.00	62.68	66.29	70.12	74.19	78.55	81.64	84.74	87.84	90.94	93.99
37								54.57	57.96	61.67	64.42	68.13	72.06	76.25	80.73	83.91	87.10	90.28	93.46	96.61
38									59.53	63.33	66.16	69.97	74.01	78.31	82.92	86.18	89.45	92.72	95.99	
39										65.00	67.97	71.81	75.97	80.38	85.10	88.45	91.81	95.16	98.51	
40											69.95	73.65	77.92	82.44	87.28	90.72	94.16	97.60		
41												75.48	79.87	85.50	89.46	92.99	96.51			
42													81.82	86.56	91.64	95.25	98.87			
43														88.62	93.83	97.52				
44															96.01	99.79				
45																100.00				
46																				
47																				
48																				

TABLE III  
GENERAL MEMBERS - TIER II - DEFERRED & OUTGOING RECIPROCIITY  
SECTION 31676.1

Years of Service	PERCENTAGE OF FINAL COMPENSATION																	
	AGE *NO CHANGE OF PERCENTAGE AFTER AGE 65																	
	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65
10								14.92	15.63	16.41	17.25	18.16	19.16	19.91	20.91	21.97	23.10	24.32
11								16.41	17.20	18.05	18.97	19.98	21.08	21.90	23.00	24.17	25.41	26.75
12								17.90	18.76	19.69	20.70	21.79	23.00	23.89	25.09	26.37	27.73	29.18
13								19.40	20.32	21.33	22.42	23.61	24.91	25.88	27.18	28.56	30.04	31.61
14								20.89	21.89	22.97	24.15	25.43	26.83	27.87	29.27	30.76	32.35	34.05
15								22.38	23.45	24.61	25.87	27.24	28.75	29.86	31.37	32.96	34.66	36.48
16								23.87	25.01	26.25	27.60	29.06	30.66	31.85	33.46	35.16	36.97	38.91
17								25.36	26.58	27.89	29.32	30.88	32.58	33.84	35.55	37.36	39.28	41.34
18								26.86	28.14	29.53	31.05	32.69	34.50	35.84	37.64	39.55	41.59	43.77
19								28.35	29.70	31.17	32.77	34.51	36.41	37.83	39.73	41.75	43.90	46.21
20								29.84	31.27	32.82	34.50	36.33	38.33	39.82	41.82	43.95	46.21	48.64
21								31.33	32.83	34.46	36.22	38.14	40.25	41.81	43.91	46.15	48.52	51.07
22								32.83	34.40	36.10	37.95	39.96	42.16	43.80	46.00	48.34	50.83	53.50
23								34.32	35.96	37.74	39.67	41.77	44.08	45.79	48.10	50.54	53.14	55.93
24								35.81	37.52	39.38	41.40	43.59	46.00	47.78	50.19	52.74	55.46	58.37
25								37.30	39.09	41.02	43.12	45.41	47.91	49.77	52.28	54.94	57.77	60.80
26								38.80	40.65	42.66	44.85	47.22	49.83	51.77	54.37	57.13	60.08	63.23
27								40.29	42.21	44.30	46.57	49.04	51.75	53.76	56.46	59.33	62.39	65.66
28								41.78	43.78	45.94	48.30	50.86	53.66	55.75	58.55	61.53	64.70	68.10
29								43.27	45.34	47.58	50.02	52.67	55.58	57.74	60.64	63.73	67.01	70.53
30	31.92	33.66	35.45	37.28	39.08	40.90	42.78	44.77	46.91	49.23	51.75	54.49	57.50	59.73	62.74	65.93	69.32	72.96
31		34.78	36.63	38.52	40.38	42.26	44.20	46.26	48.47	50.87	53.47	56.31	59.41	61.72	64.83	68.12	71.63	75.39
32			37.81	39.77	41.68	43.63	45.63	47.75	50.03	52.51	55.20	58.12	61.33	63.71	66.92	70.32	73.94	77.82
33				41.01	42.98	44.99	47.05	49.24	51.60	54.15	56.92	59.94	63.25	65.70	69.01	75.52	76.25	80.26
34					44.29	46.35	48.48	50.73	53.16	55.79	58.65	61.76	65.16	67.69	71.10	74.72	78.56	82.69
35						47.72	49.91	52.23	54.72	57.43	60.37	63.57	67.08	69.69	73.19	76.91	80.87	85.12
36							51.33	53.72	56.29	59.07	62.10	65.39	69.00	71.68	75.28	79.11	83.19	87.55
37								55.21	57.85	60.71	63.82	67.21	70.91	73.67	77.37	81.31	85.50	89.99
38									59.41	62.35	65.55	69.02	72.83	75.66	79.47	83.51	87.81	92.42
39										63.99	67.27	70.84	74.75	77.65	81.56	85.70	90.12	94.85
40											69.00	72.66	76.66	79.64	83.65	87.90	92.43	97.28
41												74.47	78.58	81.63	85.74	90.10	94.74	99.71
42													80.50	83.62	87.83	92.30	97.05	100.00
43														85.62	89.92	94.49	99.36	100.00
44															92.01	96.69	100.00	100.00
45																98.89	100.00	100.00



TABLE IV  
SAFETY MEMBERS - TIER I & II  
SECTION 31664.1  
PERCENTAGE OF FINAL COMPENSATION  
AGE NO CHANGE OF P PERCENTAGE AFTER 50

Years Of Service	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55
5										15.00	15.00	15.00	15.00	15.00	15.00
6										18.00	18.00	18.00	18.00	18.00	18.00
7										21.00	21.00	21.00	21.00	21.00	21.00
8										24.00	24.00	24.00	24.00	24.00	24.00
9										27.00	27.00	27.00	27.00	27.00	27.00
10										30.00	30.00	30.00	30.00	30.00	30.00
11										33.00	33.00	33.00	33.00	33.00	33.00
12										36.00	36.00	36.00	36.00	36.00	36.00
13										39.00	39.00	39.00	39.00	39.00	39.00
14										42.00	42.00	42.00	42.00	42.00	42.00
15										45.00	45.00	45.00	45.00	45.00	45.00
16										48.00	48.00	48.00	48.00	48.00	48.00
17										51.00	51.00	51.00	51.00	51.00	51.00
18										54.00	54.00	54.00	54.00	54.00	54.00
19										57.00	57.00	57.00	57.00	57.00	57.00
20	37.55	39.75	42.02	44.38	46.83	49.36	52.07	54.51	57.13	60.00	60.00	60.00	60.00	60.00	60.00
21	39.42	41.74	44.12	46.60	49.17	51.82	54.67	57.24	59.99	63.00	63.00	63.00	63.00	63.00	63.00
22	41.30	43.72	46.23	48.82	51.51	54.29	57.27	59.96	62.84	66.00	66.00	66.00	66.00	66.00	66.00
23	43.18	45.71	48.33	51.04	53.85	56.76	59.88	62.69	65.70	69.00	69.00	69.00	69.00	69.00	69.00
24	45.06	47.70	50.43	53.26	56.20	59.23	62.48	65.41	68.56	72.00	72.00	72.00	72.00	72.00	72.00
25	46.93	49.69	52.53	55.48	58.54	61.69	65.08	68.14	71.41	75.00	75.00	75.00	75.00	75.00	75.00
26	48.81	51.67	54.63	57.70	60.88	64.16	67.69	70.86	74.27	78.00	78.00	78.00	78.00	78.00	78.00
27	50.69	53.66	56.73	59.92	63.22	66.63	70.29	73.59	77.13	81.00	81.00	81.00	81.00	81.00	81.00
28	52.57	55.65	58.83	62.13	65.56	69.10	72.89	76.31	79.98	84.00	84.00	84.00	84.00	84.00	84.00
29	54.44	57.84	60.93	64.35	67.90	71.57	75.50	79.04	82.84	87.00	87.00	87.00	87.00	87.00	87.00
30	56.32	59.62	63.04	66.57	70.24	74.03	78.10	81.78	85.70	90.00	90.00	90.00	90.00	90.00	90.00
31	58.20	61.61	65.14	68.79	72.59	76.50	80.70	84.49	88.55	93.00	93.00	93.00	93.00	93.00	93.00
32	60.08	63.60	67.24	71.01	74.93	78.97	83.31	87.22	91.41	96.00	96.00	96.00	96.00	96.00	96.00
33	61.95	65.59	69.34	73.23	77.27	81.44	85.91	89.94	94.27	99.00	99.00	99.00	99.00	99.00	99.00
34										100.00	100.00	100.00	100.00	100.00	100.00
35										100.00	100.00	100.00	100.00	100.00	100.00
36											100.00	100.00	100.00	100.00	100.00
37												100.00	100.00	100.00	100.00
38													100.00	100.00	100.00
39														100.00	100.00
40															100.00
41															
42															
43															
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TABLE V  
 SAFETY MEMBERS - TIER I & II- DEFERRED & OUTGOING RECIPROCITY  
 SECTION 31664  
 PERCENTAGE OF FINAL COMPENSATION

Years of Service	AGE *NO CHANGE OF PERCENTAGE AFTER AGE 55														
	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55
10										20.00	21.03	22.16	23.38	24.67	26.20
11										22.00	23.14	24.37	25.72	27.14	28.82
12										24.00	25.24	26.69	28.06	29.61	31.44
13										26.00	27.34	28.80	30.40	32.07	34.06
14										28.00	29.44	31.02	32.74	34.54	36.68
15										30.00	31.55	33.23	35.08	37.01	39.30
16										32.00	33.65	35.45	37.41	39.48	41.92
17										34.00	35.75	37.67	39.75	41.94	44.54
18										36.00	37.86	39.88	42.09	44.41	47.16
19										38.00	39.96	42.10	44.43	46.88	49.78
20	25.03	26.50	28.01	29.58	31.22	32.90	34.71	36.34	38.08	40.00	42.06	44.31	46.77	49.34	52.40
21		27.82	29.41	31.06	32.78	34.54	36.44	38.15	39.99	42.00	44.17	46.53	49.11	51.81	55.02
22			30.08	32.54	34.34	36.19	38.18	39.97	41.89	44.00	46.27	48.74	51.44	54.28	57.64
23				34.02	35.90	37.83	39.91	41.79	43.80	46.00	48.37	50.96	53.78	56.75	60.26
24					37.46	39.48	41.65	43.60	45.70	48.00	50.48	53.17	56.12	59.21	62.88
25						41.13	43.39	45.43	47.61	50.00	52.58	55.39	58.46	61.68	65.50
26							45.13	47.24	49.51	52.00	54.68	57.61	60.80	64.15	68.11
27								49.06	51.42	54.00	56.79	59.82	63.14	66.61	70.73
28									53.32	56.00	58.89	62.04	65.48	69.08	73.35
29										58.00	60.99	64.25	67.81	71.55	75.98
30										60.00	63.10	66.47	70.15	74.02	78.60
31										62.00	65.20	68.68	72.49	76.48	81.22
32										64.00	67.30	70.90	74.83	78.94	83.84
33										66.00	69.41	73.11	77.15	81.41	86.46
34										68.00	71.51	75.34	79.49	83.88	89.08
35											73.61	77.56	81.83	86.34	91.70
36												79.78	84.17	88.81	94.32
37													86.50	91.28	96.94
38														93.75	99.56
39														96.21	100.00

**Reduction Factors for Retirement  
Allowances of Members Covered Under  
Social Security**

Age at Retirement	General Member Reduction	Safety Member Reduction
46	\$ 1.158	\$ 1.919
47	1.228	2.025
48	1.299	2.120
49	1.372	2.222
50	1.450	2.333
51	1.530	2.454
52	1.620	2.585
53	1.720	2.728
54	1.830	2.878
55	1.940	3.056
56	2.030	3.056
57	2.150	3.056
58	2.270	3.056
59	2.400	3.056
60	2.550	3.056
61	2.650	3.056
62	2.750	3.056
63	2.850	3.056
64	2.950	3.056
65	3.050	3.056

Multiply the amount opposite your age times your years of service credit. Subtract this amount from your calculation to arrive at your monthly retirement allowance if you are integrated with Social Security.

# **DEFINITION OF TERMS**

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## ***Employee Member Handbook***



## DEFINITIONS OF TERMS

**'37 Act** – The County Employees' Retirement Law of 1937–better known as the '37 Act– is a body of law enacted to govern retirement benefits for certain public employees. MCERA is one of 20 county retirement systems in California subject to the provisions of the '37 Act.

**Active Member** – Member who is still working for the employer, and participating in MCERA membership.

**Actuary** – Licensed retirement plan designer and consultant.

**Age Factor** – This is the age used in determining retirement allowances. There are maximum ages for both membership types. Working beyond a maximum age will not provide you with any further age benefit, but you will continue to add to your retirement allowance by adding to your service credit and, possibly, achieving a higher final earnable compensation. The maximum age for Safety members is 50; for General members, it is age 60.

**Annuity** – A series of payments (retirement benefits) derived from your contributions and interest for a specific period of time such as a number of years or for life.

**Beneficiary** – Person(s) you name to receive lump-sum distribution and/or monthly continuance (if eligible) upon your death. If no beneficiary is named or if the beneficiary is no longer living, the beneficiary will be your surviving: 1. Legal spouse or registered domestic partner 2. Minor children, or if none, 3 Estate

**Benefits** – Payments such as monthly retirement payments, disability payments or lump-sum payments. Beneficiary designations are subject to modification by court order.

**COLA** – A Cost-of-Living Adjustment (COLA) is the annual percentage increase in a member's monthly retirement. It is up to the Board of Retirement to award a COLA (up to 3%) annually based on the movement of a local region Consumer Price Index (CPI).

**Consumer Price Index (CPI)** – An indicator of the cost of living published by the Bureau of Labor Statistics, U.S. Department of Labor. It is an indicator of the changing purchasing power of the dollar.

### **Contributions:**

**Employee** – Money deducted from your pay and credited to your retirement account.

**Employer** – Contributions made by your employer on behalf of MCERA members, in total, to finance all MCERA benefits.

**Deductions** – Money taken out of your active employee pay or retirement warrant.

**Deferred Reciprocal Member** – A contributory member who elected to defer his retirement and entered employment covered by a reciprocal retirement system within six months of termination from County, Courts or District MCERA-covered employment.

**Deferred Retirement** – As a vested member, you may leave your retirement accumulations,

if any, on deposit with MCERA and elect to retire at a later date.

**Disability Retirement** – For purposes of the Retirement Plan, “disabled” means that you are “permanently incapacitated of the performance of duty.”

**Service-Connected Disability** – The disability is a result of injury or illness arising out of and in the course of employment.

**Nonservice-Connected Disability** – The disability is not related to your job. NOTE: You must have at least five years of service credit to be considered for non-service connected disability retirement benefits.

**Domestic Partnership** – A State-registered committed partnership between same sex couples or opposite sex couples where one partner is age 62 or over. While registration is not the same as marriage, it does secure many important rights and responsibilities. MCERA recognizes registered domestic partners as eligible beneficiaries if they meet the required criteria.

**Domestic Relations Order (DRO)** – A legal judgment, decree or order that acknowledges the right of a former spouse to a community property interest in the retirement benefits.

**Earnable Compensation** – Your base pay, plus any other payable items (per your MOU) such as uniform allowance, shift differential, etc. This does not include overtime hours.

**Eligible Beneficiary** – This is a person that you name in writing to receive certain benefits provided by the plan upon your death.

**Eligible Child** – Your child (or children, if applicable) that is unmarried and under the age of 18, or under the age of 22 if an unmarried, full-time student.

**Eligible Domestic Partner** – The same-sex partner to whom you are legally registered. Or, it could be your opposite-sex partner over the age of 62 to whom you are legally registered. For purposes of receiving a benefit, the term is defined differently depending on the situation.

**Eligible Spouse** – The person to whom you are legally married. For purposes of receiving a benefit, the term is defined differently depending on the situation.

**Entry Age** – Age at closest birthday to date you joined/rejoined MCERA.

**Final Compensation Earnable** – Average monthly compensation earnable for the 12 or 36 consecutive months of your highest compensation. (It is called “final” because normally it is a member’s last 12 or 36 months of compensation earnable, but an earlier period’s compensation earnable could be used if it is higher).

**General Member** – You are a General member if you do any work for an employer other than active law enforcement or probation officer.

**Insurable Interest** – An insurable interest is defined in California Insurance Code Section 10110 and 10110.1 (a) 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 an 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.

**MCERA** – Merced County Employees’ Retirement Association.

**Member Statement** – An annual account notice sent to your mailing address that provides Active, Deferred Vested and Deferred Reciprocal members with a current balance in your retirement account.

**Prior Public Agency Service (PPAS)** – Prior service in a public agency such as federal civil service, military service and some public employers in California. NOTE: This service is not purchasable if you are entitled to receive a pension or retirement benefit for it.

**Reciprocal** – Referring to the shared relationship/membership in two or more California public retirement plans that enhances benefits and “links” them together. See also “reciprocity.”

**Reciprocity** – An agreement between MCERA and another California public retirement system that allows you to receive retirement benefits from both, under certain circumstances and requirements.

**Redeposit** – Paying back of money and related interest that was previously withdrawn from your Retirement Plan account to restore service credit.

**Retirement Date** – The first date for which retirement income is payable to you and the date when your retirement election becomes irrevocable.

**Safety Member** – You are a Safety member if you are employed in active law enforcement or if you are a probation officer.

**Service Credit** – Credit you earn over time as an MCERA member. It is expressed as years and/or portions of a year. For members that are variable shift employees, a proportionate amount of credit is earned. For calculation purposes, MCERA uses 2,080 hours as the measure of one (1) year of service credit.

**Survivor Benefits** – Those benefits that are payable to a member’s eligible spouse, registered domestic partner or children upon your death.

**Vested** – Members are considered “vested” or eligible to receive a future benefit after achieving five years of service credit.

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