MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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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). 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.

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

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.

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.

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 re-sign 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.

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

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.

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).

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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.

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.