

# MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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## RECIPROCITY

### What is 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 service or vesting years.

### What are the benefits to establishing reciprocity?

- Lower contribution rates, which reflect your earliest entry age among reciprocal retirement systems;
- Uniform vesting periods, which consider your earliest entry or membership date and the total service among reciprocal retirement systems; and
- Uniform salary assumptions, which consider your highest earnings period among reciprocal retirement systems.

### What are the requirements for establishing reciprocity?

- You cannot withdraw your contributions from the system (s) you wish to link.
- You cannot be receiving a retirement from the 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 State Teachers' Retirement System (CalSTERS), the California Public Employees Retirement System (CalPERS), or another 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 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 all systems at the same time, unless section 31835.1 applies (section allows for different retirement dates if unable to retire on same date due to different age and/or service requirements).

### How do I establish reciprocity?

Please contact MCERA at 209-725-3636 for the appropriate forms. We must also contact the other system.

### What Counties operate under County Employees Retirement Law of 1937?

- Alameda
- Contra Costa
- Mendocino
- Merced
- San Mateo
- Santa Barbara

- Fresno
- Imperial
- Kern
- Los Angeles
- Marin
- Orange
- Sacramento
- San Bernardino
- San Diego
- San Joaquin
- Sonoma
- Stanislaus
- Tulare
- Ventura

### **Can I withdraw my contributions if I establish reciprocity at a later time?**

If you have established reciprocity, the 1937 Act will not allow you to withdraw your member contributions while you are in employment in a position covered by a reciprocal retirement system.

### **What happens if I withdraw my contributions after I have established reciprocity?**

- You will lose the lower contribution rates and retroactive increase of amounts previously required by MCERA
- You will lose uniform vesting periods.
- You will lose uniform salary assumptions.

### **Can I be working for both systems at the same time and establish reciprocity?**

No. Reciprocity **does not apply** when your employment under the first system overlaps your employment under the new system. For the benefits of reciprocity to apply, you must be separated under the first system prior to joining the new system. This is true even if the overlapping time is due to running out leave credits. You should check with both retirement systems about their rules before you change employment. The overlap must be resolved, if possible, in order to establish reciprocity.

### **Does MCERA notify the other system when I submit a retirement application?**

No. It is your responsibility to notify the other system when you plan to retire.

### **Do I have to retire from both systems at the same time?**

Yes. Regardless of the type of retirement you are electing you **MUST** retire from both systems at the same time.

### **Does MCERA use all my time at both systems to determine my benefit amount?**

No. MCERA will use the service time from the other system **ONLY** to determine eligibility. The actual benefit amount will be based solely on your time with MCERA.

### **What are my options for a disability allowance at MCERA if I have reciprocity?**

Your allowance will depend on whether or not you have reached the maximum allowance permitted per the 37 act. If the allowance at the other system is already paying you the maximum benefit amount permitted MCERA allowance will be an annuity, which is the actuarial equivalent of your accumulated contributions. If you have not reached the

maximum benefit allowed MCERA will coordinate the benefit with the other retirement agency. You must contact both systems when applying for a disability allowance for more information.

**Will my beneficiary receive a death benefit from both systems?**

- No. The death benefit is paid by the last system you were at.
- MCERA pays a \$3,000 death benefit. You will have to contact the other system to determine what their death benefit allowance is.

**If I do establish reciprocity will I get reimburse for the period I was paying contributions at a higher entry age level?**

Yes. Only if you notify MCERA within a reasonable time frame (usually within 1 month of employment) that you wish to establish reciprocity and our ability to verify reciprocity has not been impaired by any actions you may have taken.

**If I never showed any interest to establish reciprocity in the past, but wish to do so now, can I?**

Yes. You may establish reciprocity at any time as long as you meet the requirements, but you will not be reimbursed for any contributions you paid due to a higher entry age level.

**Does my sick leave balance get converted into years of service if I terminate employment and establish reciprocity with another system and MCERA?**

No. Your sick leave balance will only get converted into years of service if the reason for terminating employment with an MCERA participating employer (excluding Cemetery District) is due to retirement.

**If I have established reciprocity and I need my contributions for a medical emergency may I withdraw my accumulated contributions at MCERA?**

No. MCERA will not allow you to withdraw your accumulated contributions at any time if you have established reciprocity unless you are no longer working with an MCERA participating employer and the other system has allowed you to withdraw your contributions.