

# MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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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 service credit you have.

### What are my options if I terminate employment before I am eligible to retire?

- **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 service credit.)
- **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. If you choose deferred retirement with reciprocity, your MCERA contributions and interest will have to remain on deposit with MCERA for as long as you remain employed in a reciprocal arrangement
- **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. Federal tax withholding of 20% will be deducted from the gross.
- **Leaving Contributions on Deposit**—if you have less than five years of service credit you may leave your contributions on deposit so they may continue to accumulate interest. You may request a refund of your accumulated contributions at any time.

**NOTE:** Selecting a rollover or refund option will end your membership in MCERA and thus any eligibility for future retirement or disability retirement benefits. 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.

### How long does it take to get a refund of my contributions?

You have to be off of payroll for at least two consecutive pay periods. Most refund checks are issued about 60 days after an employee terminates.

### **How do I Select a Termination Option?**

To elect any of these options you must complete and submit the required MCERA form. Please contact MCERA or your payroll clerk for a copy.

### **How much time do I have after separation to establish reciprocity?**

Please know 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.

### **Can I withdraw my contributions at a later date if I have established reciprocity?**

No. 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.

### **Is the 20% withholding mandatory for lump sum return of contributions?**

Yes.

### **If I choose a deferred retirement when can I retire?**

You may retire when you have attained the minimum age for retirement and when you would have reached ten years of service had you remained a full time employee.

### **If I choose a deferred retirement and later change my mind can I withdraw my contributions?**

Yes, as long as you have not established reciprocity you may withdraw your contributions at any time. Please keep in mind that if you choose to withdraw your contributions you forfeit any rights to a service or disability retirement at a later date.