MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

3199 "M" Street
Merced, California 95348
Phone: 209-725-3636 Fax: 209-725-3637
Email: Mcera@co.merced.ca.us
Website: www.mcera.merced.ca.us

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 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

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 consecutive 12 months' earnable compensation (Tier I) or your highest consecutive 36 months' earnable compensation (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.

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.

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 between October 1, 2012 and December 31, 2012 or anyone hired after December 31, 2012 who established reciprocity with another system and their membership date with the reciprocal system was before January 1, 2013.
- Tier IV are all employees hired on or after January 1, 2013 who did not establish reciprocity with another system or if their membership date with a reciprocal system 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.

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 a 12-month period, Tier I or 36-month period, Tier II - IV). You earn one year of service credit for each 2,080 hours worked (not including overtime). Members working variable shift earn proportionate amounts of service credit. The maximum you can earn is one year of retirement service credit per year. Your years of 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 credit 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, but the purchase must be completed before your retirement date. 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, but when it does occur every Merced County employee will be notified in writing.

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 (employer and employee portions) that would be required if you had the same length of service as a member of MCERA, including interest. 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. Contact MCERA staff to ask what your purchase would cost you.

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.

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, with interest, under the following conditions

- You returned to your employer and are currently an MCERA member.
- Currently a member in deferred retirement status.

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 retirement service credit upon return to work from authorized sick leave without pay (with proof of medical condition). You purchase retirement service credit by paying the amount of employee contributions plus interest. 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 retirement service credit for the period of military service. To be eligible for military service credit, members who re-sign or take a leave of absence to enter military service must re-enter employment within one year of separating from military service to be eligible for purchase.

  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 County Service credit counts towards your 5 years of eligibility for vesting in MCERA and it counts towards your 10 years (Tier I – III) and 5 years (Tier iV) of eligibility for retirement. It will <u>not</u> count towards accumulation of vacation or seniority with Merced County.

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 four possible options. Your eligibility for the different options will depend on how many years of 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 refundable 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 refundable 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.

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 service to your current 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 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.

NOTE: You must retire concurrently from both systems (or all) systems on the same date if you have established reciprocity. Please notify both (or all) agencies of your intended retirement date in order to start the retirement process from both (or all) retirement systems. On a deferred-reciprocal retirement you may start receiving the allowance when you have reached the minimum age for retirement and you have earned 10 years of

service credit (total time in both, or all reciprocal systems will be used to determine eligibility for retirement).

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.
- Your years of service at the previous agency count toward meeting the service credit requirement for vesting and eligibility to retire.
- Benefits from both retirement systems are based on your highest compensation earnable under either system.

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 keep 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 180 days.
- The other system must be another California 37 act county or the California Public Employees Retirement System (CalPERS), and California State Teachers' Retirement System (CalSTERS.
- 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.

Reciprocal Systems

MCERA has reciprocal arrangements with the following systems:

- The California Public Employees' Retirement System of the State of California (PERS).
- 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
  - Contra Costa
  - Fresno
  - Mendocino
  - Merced
  - Orange
  - San Mateo
  - Santa Barbara
  - Sonoma

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

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

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.
  - If you have 30 years or more of eligible service credit, you may retire any time, regardless of your age.
  - You have reached age 70, you may retire anytime, regardless of how many years of service you have.
- Tier IV Members
  - If you are age 52 and have 5 years of eligible service credit, you may retire.

Safety Plan Members

- Tier I and 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. The maximum percent you may receive is 3%, which is reached at age 50 for safety members and age 60 for general members.

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 I and II members.

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 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

Retirement 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 consecutives months).
- Military Leave (members who re-sign to enter military service must re-enter employment within 90 days 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 50% of 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). You are only eligible to convert your sick leave balance into retirement years of service if you retire directly from Merced County (deferred 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 25th pay period (tier I – III).
- Vacation sold back during the 25th 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 1st 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 1 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 25th 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 refundable 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% 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.

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.

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 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.

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 remaining undistributed contributions.

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. Please note that under California community property law, retiree's spouse or state registered domestic partner may have certain rights over ay 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.

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

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. Please note that under California community property law, retiree's spouse or state registered domestic partner may have certain rights over ay 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.

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.

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 <u>ONLY</u> 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. Please note that under California community property law, retiree's spouse or state registered domestic partner may have certain rights over ay 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.

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 person wishes to nominate more than one beneficiary for a lifetime benefit must choose this option as well.

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 <u>not</u> 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 County 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 will make up the difference in your monthly benefit. 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.

Cost-of-Living Adjustment (COLA)

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%.

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). Additionally, you can arrange for deductions for Merced Employees' Credit Union (MERCO). For your convenience, dues for REMCO can also be deducted from your retirement benefit.

Medical, Dental, Vision and Life 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 Courts at 209-725-4135. For information on vision insurance contact VSP at 1-800-400-4569.

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 the County of Merced.

Note: If you retire on a disability you CANNOT return to work for Merced County under any conditions including extra-help and an independent contractor.

If you return to work as a permanent employee with your former MCERA 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.

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

Your retirement allowance will be paid on the last business day of each month. Generally, retirement benefits are taxable. However, in some cases, all or a portion of the allowance may be excludable from gross income for federal and/or state income taxes. You will need to consult with your accountant or other tax professional about these issues, as the MCERA staff cannot give you tax advice.

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.

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.

For members who retire younger that "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.

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).

Six Months Prior

- Contact risk management regarding any information pertaining to health and life insurance.
- Check on any unpaid purchases.
- Request an estimate.
- Make an appointment to discuss any questions.
- Gather or order copies of the important documents you will need, i.e. Member's birth certificate, Spouse's or domestic partner's birth certificate, Certified marriage license or domestic partnership registration

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.
- 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 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 W-4 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 full time County employee.

Contact Information

MCERA
3199 M St
Merced, Ca 95348

Phone: 209-725-3636
Fax: 209-725-3637
Email: mcera@co.merced.ca.us
Website: www.mcera.merced.ca.us

Please refer to the Employee Member Handbook located at www.mcera.merced.ca.us for detail information including a worksheet on how to calculate your retirement.