

Considerations after Termination

Retirement Account Fact Sheet for Active and Deferred Members



When you leave County employment (or other participating employment) for any reason prior to retirement, you must make a decision about your SBCERS member contributions and interest earned.

Use this fact sheet to help you understand the options to consider depending on whether you are a vested or non-vested member. Generally, you are vested after completing five years of SBCERS service credit or a combination of SBCERS and reciprocal retirement service credit. (There is no partial vesting in the retirement system.) If you terminate employment with less than five years of SBCERS/reciprocal retirement service credit, you are a non-vested member.

When you prepare to terminate, be certain to coordinate your termination date and any address change with your department payroll representative. If you relocate, you must also be certain to keep SBCERS informed about your correct address. Once you have been separated from active service by your department payroll representative, SBCERS will be notified of your separation (generally 1-2 weeks following your date of separation). Upon notification of your separation, SBCERS will send you a letter with a form asking you to make a decision regarding your retirement account. Please read the packet carefully and return your completed form to SBCERS. If you have questions, you may contact SBCERS.

If you are vested when you terminate employment and do not make a decision about your retirement account, you will automatically be placed in deferred membership status.

Vested Members 5+ Years of Service Credit

You are vested after completing five years of SBCERS/reciprocal retirement service credit. As a vested member, you have earned a SBCERS retirement benefit even if you terminate before you are eligible to retire. If you terminate as a vested member, you have the following four options based on your eligibility:

1. Collect a retirement benefit
2. Become a deferred member
3. Establish reciprocity
4. Request a refund

OPTION #1 - Collect a retirement benefit. If you are eligible and choose to retire, you may receive an immediate monthly retirement benefit. Typically, members are eligible to retire at age 50 with at least 5 years of SBCERS/reciprocal service credit and 10 years of elapsed time since date of hire. Your retirement will not begin automatically. You must contact SBCERS and request a service retirement packet if you choose to retire now.

OPTION #2 - Become a deferred member. You may leave your accumulated retirement contributions in the retirement fund and become a deferred member. Regular interest on your contributions will be credited twice each year, on June 30 and December 31, and reported on the personalized member statement you receive annually. Your retirement benefit will be paid in the future, usually when you meet the eligibility criteria. When you are eligible and/or choose to retire, you must contact SBCERS and request a service retirement packet if you choose to become a deferred member.

If you die while in deferred membership status, your beneficiary would receive only a refund of your accumulated member contributions plus interest. A monthly survivor benefit is not available.

OPTION #3 - Establish reciprocity. You are eligible to establish reciprocity if you leave your accumulated retirement contributions in the retirement fund and become a member in a reciprocal retirement system within six months of leaving active SBCERS membership. Any future service credit earned in reciprocal retirement systems will count toward meeting SBCERS retirement eligibility requirements as long as you retire concurrently in all reciprocal systems.

OPTION #4 - Request a refund. You may withdraw your accumulated retirement contributions, plus interest. Be aware that when you are vested and receive a refund of your SBCERS contribution account (or close an account with a zero balance), you will be forfeiting your rights to all future retirement benefits, including disability retirement, and will no longer be eligible to receive a monthly retirement benefit at a later date. Your refund is taxable income and may be subject to a federal tax withholding requirement. Additionally, you may also incur tax penalties. To avoid adverse tax consequences, you may roll over a portion of the distribution to a traditional IRA or an eligible employer plan that accepts rollovers.

If you are vested when you terminate employment and do not make a decision about your account, you will automatically be placed in deferred membership status. Your contributions will continue to accrue interest.

Non-Vested Members Less than 5 Years of Service Credit

You are not vested if you do not have at least five years of SBCERS/reciprocal retirement service credit prior to terminating. If you terminate as a non-vested member, you have the following three options based on your eligibility:

1. Become an inactive non-vested member
2. Establish reciprocity
3. Request a refund

OPTION #1 - Become an inactive non-vested member. You may leave your accumulated retirement contributions on deposit with SBCERS, which do not continue to accrue interest. You may choose to withdraw your funds at any time.

If you die while in inactive non-vested membership status, your beneficiary would receive only a refund of your accumulated member contributions with no interest. A monthly survivor benefit is not available.

OPTION #2 - Establish reciprocity. You are eligible to establish reciprocity if you leave your accumulated retirement contributions in the retirement fund and become a member in a reciprocal retirement system within six months of leaving active SBCERS membership. Any future service credit earned in reciprocal retirement systems will count toward meeting SBCERS retirement eligibility requirements as long as you retire concurrently in all reciprocal systems.

OPTION #3 - Request a refund. You may withdraw your accumulated retirement contributions. Your refund is taxable income and may be subject to a federal tax withholding requirement. Additionally, you may also incur tax penalties. To avoid adverse tax consequences, you may roll over a portion of the distribution to a traditional IRA or an eligible employer plan that accepts rollovers.

If you do not make a decision about your member contribution account when you terminate as a non-vested member, you will automatically be placed in inactive non-vested membership status. **If you do not withdraw your contributions within 5 years of your separation date, your contributions are subject to forfeiture to the pension fund.**

Returning to Membership

If you are rehired and become an active SBCERS member but had previously withdrawn your contributions plus interest, you may restore your prior retirement service by a redeposit of your withdrawn contributions and interest. Please keep in mind the following:

- ♦ If you are rehired within 90 days of separation and redeposit your contributions and interest within 180 days of being rehired, your years of service credit and original entry age will be reinstated.
- ♦ If you are unable to redeposit your contributions within the time frame described above, you are still permitted to redeposit your contributions plus interest at any time prior to retirement. In this case, your service credit will be restored but your original entry age will not. Your contribution rate will be based on your nearest age at re-entry to SBCERS membership.
- ♦ If you are separated due to a lay-off and are rehired within 12 months of the date of lay-off, you are eligible to purchase the service credit for the time you were laid-off.

CONTACT INFORMATION

SBCERS' Toll Free Number 877-568-2940
Website www.sbcers.org

SBCERS Santa Barbara Office 805-568-2940

3916 State Street, Suite 210
Santa Barbara, CA 93105

Fax 805-560-1086

A-K Retirees: Barbara Gordon 805-568-2942

L-Z Retirees: Scott Dunlap 805-568-2943

SBCERS Santa Maria Office 805-739-8686

2400 Professional Parkway, Suite 150
Santa Maria, CA 93455

Fax 805-739-8689

A-K Retirees: Doreen Miller 805-739-8668

L-Z Retirees: Reneé Lynn 805-739-8667

Some areas where SBCERS can provide help are:

- ✓ Helping you understand your benefits
- ✓ Providing a Member Statement of your Retirement Account balances
- ✓ Providing estimates of your Retirement Benefit (vested members)
- ✓ One-on-one personalized counseling regarding your retirement benefit

Your Retirement Account is an important asset. Remember to:

- ✓ Consider your options carefully
- ✓ Look for a packet from SBCERS after you have are separated from service
- ✓ Respond to SBCERS by completing & returning enclosed forms in the packet
- ✓ If you choose Deferred Retirement or Reciprocity, notify SBCERS of any address or beneficiary changes once you separate from service

**For assistance, call
(877) 568-2940**

**Or go to
www.sbcers.org**

SBCERS' Offices are open from 7:30 a.m. to 5:00 p.m., Pacific Time, Monday through Friday.

Note — This fact sheet provides disclosure of certain terms and conditions of SBCERS membership and benefits available to members. It is designed to give you this information as simply and accurately as possible as of the date of issuance of this fact sheet. SBCERS is governed by the County Employees Retirement Law of 1937 (Government Code Section 31450 et. seq.) as it has been adopted and implemented by the Santa Barbara County Board of Supervisors and the SBCERS Board of Retirement. If there is any inconsistency between this fact sheet and the governing law, the law will govern.