

This is intended to provide you with general information for members who are about to retire. The statements in this booklet are general and we have made them as simple as possible while still being accurate. The retirement law is sometimes very complex, but when a conflict arises, any decision will be based on the law and not on this booklet.

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Welcome!

If you are about to become involved in pre-retirement counseling with a person from the San Joaquin County Employees' Retirement Association (SJCERA), you should first review the retirement checklist at the back of this brochure.

If you have just attended the pre-retirement class for your own education about your retirement system, then it is suggested that you keep this booklet for a reference, including any notes you wish to make.

The Board of Retirement asks that you give SJCERA as much notice as possible as to your intended retirement date, 2-3 months would be appropriate. There may be some service credit discrepancies that you will want to clarify and/or some service time that you may want to purchase.

Estimate of Benefits

When you notify us of your intended retirement date, we will inform you of your estimated retirement benefits. Each estimate is just that, an ESTIMATE. The estimate is a calculation that is based on an estimate of your service credit at the time you plan to retire, your expected age at retirement, and an estimate of your final average salary at the time you retire. If there were any times when you did not receive compensation (leave without pay, etc.) they will not count toward your years of service. The calculation does not include temporary or part-time employment, unless purchased and paid in full.

Retirement Calculations

The highest 12 consecutive months of pay recognized by the Board of Retirement as “compensation earnable”, are used to calculate your final average salary. Each quarter year of age counts up to age 65 for general members and age 55 for safety members, and each day of service counts.

Vacation Cash-out While an Active Employee

Employees’ of certain bargaining units are eligible to cash out one or two weeks of vacation each year. Cash-out of vacation hours while active may be included in your final compensation and thus included in the calculation of your retirement benefits. Please review the Memorandum of Understanding that covers your bargaining unit for details and time restrictions concerning this benefit.

Deputy Sheriff’s Retirement Incentive Program

Eligible employees in unit K may cash-out a maximum of 184-vacation hours before retirement on a one-time basis. Cash-out of vacation hours before retirement may be included in your final compensation and thus included in the calculation of your retirement benefits. Please review the Memorandum of Understanding that covers this bargaining unit for application procedures, eligibility requirements and time restrictions concerning this benefit.

Cost of Living Adjustment (COLA)

For retirees, the annual COLA raise is limited to a maximum of 3% per year. Each year any excess inflation over 3% (Urban San Francisco Region Consumer Price Index) is “banked”. This bank may be used in a future year where the CPI is below 3%.

Retirement Options

There are a number of different retirement options available to a person when he/she retires. These options are referred to with different names and numbers.

The Unmodified Retirement Allowance is the highest equal payment annuity which a retiree can receive. All other options, except for the Social Security Advancement, can result in a monthly allowance that is significantly less than the Unmodified Retirement Allowance. The Social Security Advancement will provide the person, who retires before age 62, with a benefit that is higher than the Unmodified Retirement Allowance until age 62. At age 62 the benefit will be reduced to a monthly amount less than the Unmodified Retirement Allowance for the remainder of the retiree's life.

Unmodified Retirement Option

If you have received a retirement estimate from the retirement office, you probably have received the unmodified calculation. This is a monthly benefit payment that will be paid to you for the rest of your life. It also provides for a continuing benefit of 60% of your benefit to be paid to your qualified spouse for the rest of his/her life. Qualified spouse is someone you are married to for at least one year prior to your retirement. If you should marry or remarry after you have retired, that new spouse is not entitled to any continuing benefit upon your death. If your beneficiary is someone other than a qualified spouse or minor child, the remaining balance of your contributions will be paid to your surviving beneficiary. If the balance of your contributions were depleted, then the only benefit payable would be the \$5,000 death benefit.

Social Security Advancement Option

This benefit is based on the same basic calculation as the Unmodified Retirement Allowance. You have the right to choose this option if you retire before age 62. We will pay you a larger monthly benefit initially and a smaller benefit after you reach age 62. The calculation of the increased benefit and the subsequent reduction of that benefit is based on your age at retirement and on what the Social Security Administration says you will receive in benefits at age 62. You must contact Social Security to obtain an estimate of your expected benefits at age 62 based upon your selected earlier retirement age and provide that information to SJCERA. To obtain this information from Social Security may take up to 2 to 3 months, so include this in your planning. If you should die, your qualified surviving spouse would receive 60% of the base retirement allowance plus 60% of any cost-of-living increase you received, which would include the cost-of-living increases on the Social Security advancement.

Option #1

This reduced annuity option results in a lifetime decrease in your monthly benefit of \$10 to \$20, but extends the length of time before the balance of your contributions payable to your named beneficiary is depleted. Under this option, the only benefit payable to your surviving beneficiary is the remaining balance of your contributions and the \$5,000 death benefit. This option could extend the time it takes for you to receive a refund of all of your contributions to a range of 10 to 12 years.

Option #2

This option provides for a 100% lifetime continuance of your reduced allowance to the beneficiary. The reduction in your allowance is based on the age of your named beneficiary. The annuity payments can be sharply reduced if

your beneficiary is considerably younger than you are.

Option #3

This option provides for a payment of 50% of your allowance, after you die, to the non-spouse beneficiary (mother, sister, daughter, etc.). Your retirement allowance can also be sharply reduced if the non-spouse beneficiary is considerably younger than you are.

Option #4

This option enables you to specify the dollar amounts and time limits for receiving a benefit. The design of this benefit may be limited by the amount of money in your retirement account and is subject to any limitations or restrictions that may be imposed by the Board of Retirement.

Taxes

Most of your retirement allowance is subject to state and federal income tax.

SJCERA will withhold taxes for you based on your specific dollar estimate, or on your exemption status. You may claim exemptions the same as you do now with your paycheck; married and 2, married and 0, etc., or you may have a set dollar amount withheld; \$150 federal, \$40 state, etc.

SJCERA must withhold estimated taxes unless you instruct otherwise in writing. You have the right to choose not to have any tax withheld from your check. However, you will probably have to make quarterly estimate tax payments to the IRS and Franchise Tax Board, so you will not be penalized for underpayment of taxes.

You will receive an "Important Tax Letter" from our office when you retire. This letter will come about three (3) months after retirement. It will tell you the amount of your retirement

contributions that have been taxed at the time you retire. Keep this tax letter so you will be able to calculate the amount of your retirement that is taxable. SJCERA does not calculate the taxable amount of your retirement each year. You and your income tax consultant must calculate this amount. If you want assistance in doing this calculation, you can get IRS Publication 575 free from any IRS office.

We are required to send a 1099R form to you and to the IRS each year. These are mailed at the end of January and you should receive them by the first or second week of February.

Beneficiaries

For most members, the beneficiary is their qualified spouse. A qualified spouse is a person you have been married to for at least one year prior to retiring. By definition, a qualified spouse's interest in a continuing retirement benefit cannot be terminated by the member or waived by the spouse. If a member marries or remarries after retirement, that new spouse is not eligible for a continuing retirement benefit. However, he/she may be listed as a beneficiary for health benefits provided he/she applies within 30-days of marriage.

If the spouse agrees, a separate beneficiary may be named to receive the retiree's death benefit, with the retiree's spouse still able to receive the continuing annuity. You may change your designated beneficiary if your spouse dies, so that your child(ren) may receive the \$5,000 death benefit.

Death Benefits

If the retired member dies, a death benefit is paid to the designated beneficiary upon presentation of a valid death certificate to SJCERA. The current death benefit available to the beneficiary

is \$5,000; except in the case of reciprocity, then the last retirement system pays the benefit. There is no death benefit upon the death of the spouse of a retired member.

Since retirement is paid in arrears, an allowance for any portion of the month up to the date of death will be paid to the beneficiary designated with the retirement option selected. If the selected retirement option provides for payment of any remaining contributions, they will be paid upon completion of the appropriate claimant forms.

Health Plans

There are currently eight (8) health plan programs available to retirees of San Joaquin:

- County Managed Care Plan 2**
- Kaiser Health Plan**
- Kaiser Senior Advantage**
- Health Net Seniority Plus POS**
- Health Net Seniority Plus HMO**
- Blue Cross California Care (HMO)**
- Blue Cross-Select II (Medicare)**
- Out of Area Plan**

You are strongly urged to review your current health plan coverage well in advance of your retirement date. You will have an opportunity to change your current health plan at the time of retirement or you will have to wait until the next annual transfer period to change plans.

Four (4) plans offer a supplemental Medicare plan that is available when you or your dependents reach age 65 and two offer benefits when you become Medicare eligible. You will be requested to participate in Medicare if eligible. That is, you and your dependents must subscribe to both parts A and B in order to qualify for the supplemental Medicare plan.

At the time of retirement, you and/or your health plan dependents have an opportunity to defer participation in the County health plan. You must record this intent with the SJCERA. For example, if you wish to be on your spouse's plan for a period of time and at a future date you and/or spouse wish to rejoin the plan, you must make this deferred participation known at retirement. Once you and/or your health dependents leave the health plan, you cannot rejoin at a later date. There is one exception, however, and that is if you join another employer-sponsored health plan, you may defer.

Health Care Cost

To obtain current health care costs for retirement, please contact either the County Human Resources Department, Benefits Unit, at (209) 468-3370 or SJCERA.

Dental Care

The County offers a dental program for retirees. Please be aware that the dental plans currently offered by the County to employees are not available to retirees. Contact us for further information. Retirement payroll deductions may be used to pay for this benefit.

Sick Leave Compensation

Based upon the current employee organizations' Memoranda of Understanding with the County, you may have a health premium payment option for your sick leave accrual balance. That is, you may have your sick leave converted to a bank to pay for monthly health and dental premiums until the balance is exhausted.

Employees hired after January 28, 1992, are no longer eligible for sick leave conversion for the purpose of creating a bank. In general, employees hired before this date will need a sick

leave accrual balance of at least 160-hours at retirement to qualify for conversion of their hours to a sick leave bank.

Please review the Memorandum of Understanding that covers your bargaining unit for details.

Life Insurance

SJCERA does not sponsor a life insurance program for retirees. However, the life insurance that the County currently offers to management and non-management employees may be continued, but not through retirement payroll deductions. Assistance to continue these policies is available through the Human Resources Department, Benefits Unit, at (209) 468-3370. Additional life insurance paid by the County for members in certain management groups will continue for a limited time and usually at limited levels after retirement. We are not well informed about programs which are, or may be, sponsored by the Deputy Sheriff's Association or the Service Employees International Union. Therefore, you will need to contact them on your own. Premiums to continue these insurance programs may be deducted from your retirement check.

Monthly Checks

SJCERA mails your retirement check directly to the place of your choice - home, post office box, bank, credit union, etc. However, we strongly recommend that you sign-up for Electronic Fund Transfer (EFT) to place your monthly retirement check automatically into your checking or savings account. A deposit stub will be mailed to your home each month. Retirement checks are mailed from Stockton on the last day of the month for that month's benefit. Depending on the mail service, they will arrive anywhere from two to seven days after they are mailed. If your

check is lost in the mail, we cannot issue a replacement warrant for seven (7) business days.

Other Questions

When does my retirement actually begin?

Retirement begins, at the earliest, the day after your last day at work, but no sooner than the day you complete an application for service retirement. If you wish to retire in time to receive the annual cost-of-living increase, which begins with the retirement check for the month of April, you **MUST** terminate your employment on or before the 31st of March.

What does the SJCERA do when they audit our records before calculating our retirement options?

SJCERA cannot proceed until all your pay records are completed and the information forwarded to our office. We re-audit service records to obtain actual time worked; pay records for actual pay; employment records to verify safety and general membership; and retirement records to verify ages by birth certificates, marriage records by certificates, and divorce orders provided by you, and to verify repurchase of service.

How do I change my address if I move after I retire?

Please send us change of address in writing, and be sure to include your social security number, full name, old and new addresses and sign the request. Allow four (4) weeks for the change to be made. It is vital that we have your mailing address even if your checks are deposited electronically to your bank. We often send mail to retirees about their retirement and health benefits.

Can SJCERA help me with my Deferred Compensation Plan question?

SJCERA does not have anything to do with your Deferred Compensation Plan. Questions should be directed to the County's third party administrator, Hartford Life at (800) 452-6708. You should talk to them well in advance of your retirement to obtain the information and forms so that you may make a considered, not rushed, decision about this benefit.

What deductions may be taken from my retirement warrant?

SJCERA is able to offer and maintain deductions only for the following items:

- County sponsored health care
- County sponsored dental care
- Retiree association dues
- Withholding taxes
- United Way
- Credit Union Deductions
- Cal PERS - Long Term Care

I currently have a "buy back" for prior service deducted from my paycheck, can I continue this buy back by deductions from my retirement check?

Repurchases must be COMPLETE before your effective date of retirement. You will not get retirement credit for any buy back contract that has not been fully completed.

We can calculate the cost to repurchase prior service time. You are eligible to purchase that time up to your retirement date. However, it is functionally unrealistic to ask the SJCERA to calculate and execute a buy back for you within 30 days of retirement, especially during the January - March period.

What employment and service time qualifies for a buy back?

You may purchase prior county service if you left and withdrew those funds. You may purchase any temporary employment time you had prior to becoming a member of SJCERA. You may purchase service time from certain other public agencies, military, and merchant marine service. Unpaid leave due to illness and/or active military leave (up to 1 year for each leave) can also be repurchased. All repurchases are subject to our receiving verification of that service from the various agencies.

Who can I work for after I retire and what effect will that have on retirement?

You may work in a paid temporary position for San Joaquin County or one of the districts of SJCERA up to 90-days or 720-hours per fiscal year without disturbing your retirement.

You may work an unlimited amount of time for any employer who is not a member of SJCERA. If you are receiving Social Security, re-employment could cause a decrease of your Social Security benefits. If you have any questions about the effect of employment on your Social Security, you should contact the Social Security Administration for information. Social Security and SJCERA have no relationship. Therefore, you are solely responsible for your dealings with that organization. This includes obtaining your benefit estimates from them prior to retirement.

How does my divorce affect my retirement?

If you were divorced while you were an employee, your spouse may be entitled to a percentage of your retirement allowance. Usually this is something that is settled at the

time of the divorce. Many divorce court orders are not properly written for a public retirement system. If you have an ex-spouse who is entitled to some of your retirement benefits, you will want to review your divorce orders with SJCERA staff well in advance of your retirement date. It may be necessary to go back to court to modify your orders. If you are divorced after you have retired, this will not change the total amount of the retirement benefit. However, your ex-spouse could get a court order to have a portion of your retirement paid directly to him/her.

Checklist

Things to Do

- Attend retirement workshop
- Notify department of retirement date
- Contact Social Security for Statement of Benefits
- Contact the Human Resources Department re: continuing life insurance policy
- Contact Hartford Life about Deferred Compensation

Documents for Retirement Office

- Copy of Marriage License
- Retiree's birth certificate if date of birth has not been verified
- Birth certificate of beneficiary designated to receive continuance
- Spouse or beneficiary social security number
- Medicare cards if you have Medicare

Documents You Will Be Expected to Sign

- Application for service retirement
- Medical insurance forms
- Medicare form if eligible
- Income tax withholding form
- Authorization for deductions form retirement warrant form
- Election of specific retirement allowance
- Retirement Interview Checklist
- Electronic Fund Transfer (EFT) (Optional)