

Considerations after Termination

Fact sheet for active and deferred members



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.

When you leave County employment (or other participating employment) for any reason prior to retirement, you must make a decision about your SDCERA member contributions and interest earned. When you prepare to terminate, be certain to coordinate your termination date with your department payroll representative. If you are relocating, you must also be certain that SDCERA has your correct address.

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

Vested members

You are vested after completing five years of SDCERA/reciprocal retirement service credit. As a vested member, you have earned an SDCERA 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

(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 10 years of SDCERA/reciprocal service credit. Your retirement will not begin automatically. You must contact SDCERA and request a service retirement packet if this is your choice.

(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 recorded on the personalized member statement you receive annually. Your retirement benefit will be paid in the future, usually when you meet the eligibility criteria and choose to retire.

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.

(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

SDCERA membership. Any future service credit earned in reciprocal retirement systems will count toward meeting SDCERA retirement eligibility requirements as long as you retire concurrently in all reciprocal systems. Read more in the *Reciprocity* fact sheet available at www.sdcera.org or from SDCERA.

(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 SDCERA contribution account (or close an account with a zero balance) you are not eligible to receive a monthly retirement benefit at a later date and may also incur tax penalties. Read the *Refunds* fact sheet for more detail.

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.

If you are in a deferred or inactive nonvested membership status and are rehired in a position which qualifies for active SDCERA membership, you will retain your original membership entry age for determination of your contribution rate.

Nonvested members

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

- (1) Establish reciprocity
- (2) Become an inactive nonvested member
- (3) Request a refund

(1) **Establish reciprocity.** You may leave your accumulated retirement contributions in the retirement fund and establish reciprocity if you become a member of an eligible reciprocal retirement system within six months of leaving active SDCERA membership. Read more in the *Reciprocity* fact sheet.

(2) **Become an inactive nonvested member.** You may leave your accumulated retirement contributions on deposit with SDCERA, which continue to accrue interest. Any future service credit earned in SDCERA or in a reciprocal retirement system will count toward meeting vesting and retirement eligibility requirements based on service credit and final compensation while an SDCERA member as long as you retire concurrently in all reciprocal systems. You may choose to withdraw your funds at any time.

(3) **Request a refund.** You may withdraw your accumulated retirement contributions, plus interest and may incur mandatory tax penalties. To avoid adverse tax consequences, you may roll over all or a portion of the distribution to a traditional IRA or an eligible employer plan that accepts rollovers. Read the *Refunds* fact sheet for more detail.

If you do not make a decision about your member contribution account when you terminate as a nonvested member, you will automatically be placed in inactive nonvested membership status.

If you are in a deferred or inactive nonvested membership status and are rehired in a position which qualifies for active SDCERA membership, you will be placed in General Tier A or Safety membership, whichever is applicable. You will retain your original membership entry age for determination of your contribution rate, and your years of service credit will be restored.

Returning to membership

If you are rehired and become an active SDCERA member (within 90 days of termination) but had previously withdrawn your contributions plus interest, keep in mind the following:

- If you repay your contributions and interest within 180 days of termination, your years of service credit and original entry age will be reinstated.
- If you are unable to repay your contributions within the time frame described above, you are still permitted to repay 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 SDCERA membership.

SDCERA library of publications

Booklets

Disability Retirement
Dividing Community Property
Health Insurance Program for Retired Members
Now that You are Retired Retirement Plan
Survivor and Beneficiary Information

Fact sheets

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Deferred Membership
Disability Retirement
Earning Service Credit
Health Insurance Allowance
Health Insurance Plans
Medicare Information for SDCERA Health Plans
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Retirement Plan Summary
Rollover/Transfer for Purchasing Service Credit
Supplemental Benefit Allowance

Important consideration for ALL members

If you believe that you are unable to perform the duties of your job due to a disability, you may apply for an SDCERA disability retirement benefit within four months following your termination date, or at any time if, from the date of discontinuance of service to the time the disability retirement application is filed, you demonstrate you have been continuously physically or mentally incapacitated. Contact SDCERA if this situation affects you.

This fact sheet provides disclosure of certain terms and conditions of SDCERA 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. SDCERA 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 San Diego County Board of Supervisors and the SDCERA Board of Retirement. If there is any inconsistency between this fact sheet and the governing law, the law will govern. Decisions relating to the plan will be made after reference to the statutes and any resolutions, regulations and policies governing administration of SDCERA as they exist at the same time of the decisions.
Rev. 6/2007



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