

## Refunds

### Fact sheet for active and deferred members



If your refund is at least \$200, you have two choices for distribution:

- (1) Direct rollover to an IRA or to another employer's qualified plan or
- 2) Receive a check made payable to you.

Following your termination from employment, if you request a withdrawal of your retirement account, you will be terminating your SDCERA membership and you will no longer be eligible to apply for any retirement benefits. Receiving a refund of your account forfeits your right to receive any future SDCERA benefits, including disability benefits, regardless of whether you elect to roll over the refund as described below.

Read this fact sheet carefully before making a decision that could affect your tax obligations and your financial security. A refund may not be the best option for you if you are eligible for an SDCERA retirement benefit or may establish reciprocity. Before making a decision, you should compare the amount you would receive as a refund with the benefits you would be paid under other options for which you are eligible. Read the *Deferred Membership and Reciprocity* fact sheets for more detail.

### Tax considerations

If you elect a refund, it may consist of both nontaxable and taxable monies. The nontaxable portion consists of the total accumulated member contributions you made prior to January 1, 1997. These contributions were made on an after-tax basis and are not taxed again when you receive a refund.

The taxable portion of your refund consists of all contributions that you have made since January 1, 1997, plus interest earned on all of your member contributions.

SDCERA encourages you to consult a tax advisor before deciding how to receive your refund from SDCERA. SDCERA does not offer tax advice.

Please be aware that any employer offset contribution will not be credited to your account as a member contribution and therefore will not be refunded to you. If the employer offset contribution is at all times greater than your member contribution rate, you will have no contributions credited to your account—you will have a zero dollar account.

## Processing time

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SDCERA is not able to process your request until a minimum of two weeks following your termination date. Therefore, please allow four to six weeks to receive your refund following your request of a withdrawal of your SDCERA member contribution account.

## Distribution options

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If your refund is at least \$200, you have two choices for distribution:

(1) **Direct rollover to an IRA or to another employer's qualified plan.** There are no withholding or tax penalties with this type of distribution. A check will be made payable to your IRA or other employer's qualified plan and mailed to you for delivery to your IRA institution or employer's plan.

(2) **Receive a check made payable to you.** With this type of distribution, a 20% federal income tax withholding is mandatory and state tax withholding is optional. California state tax will be withheld (10% of the federal withholding tax amount) unless otherwise indicated on the *Request for Refund* form.

In addition, tax penalties for early withdrawal may also apply. A rollover to an IRA or other employer's qualified plan within 60 days of receipt will avoid these tax penalties. Please review the *Special Tax Notice Regarding Plan Payments* (available from SDCERA) for detailed information.

Any taxable amount under \$200 is not subject to mandatory tax withholding and is not eligible for a rollover. Therefore, in this situation, SDCERA will issue one check payable to you.

If you are temporarily laid off and reinstated within one year, you are not breaking the continuity of your service.

## Other considerations

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IRS regulations prohibit in-service distributions; therefore a refund of your SDCERA account cannot occur if your SDCERA membership ceases but you remain employed by the County of San Diego (or other participating employers).

If you appeal an involuntary termination with the Civil Service Commission or if SDCERA is joined in a legal proceeding, a refund of contributions usually cannot be processed until the action is resolved.

Generally, you must obtain consent from your spouse/registered domestic partner to receive a refund of your contributions. If SDCERA becomes aware that a dissolution of marriage or termination of partnership is pending and retirement benefits may be the subject of a domestic relations order, any request for a refund may be delayed. Read the *Dividing Community Property* booklet (available at [www.sdcera.org](http://www.sdcera.org) or from SDCERA) for more detail.

## Refund following a layoff

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If you are temporarily laid off and reinstated within one year, you are not breaking the continuity of your service. Therefore, if you return within one year of separation and redeposit withdrawn contributions within one month of return, your service credit will be restored with the earlier entry age used to determine your contribution rate.

If you elect a refund but do not meet the requirements in the previous paragraph, upon return to active membership, you may still elect to redeposit withdrawn contributions and receive service credit for your previous service. Read the *Purchasing Service Credit* fact sheet for detail.

## Returning to SDCERA membership

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If you withdraw your member contribution account and become an SDCERA member again within 90 days of your termination date, you may repay your contributions plus interest within 180 days of termination. Upon completion of the payments, your years of service credit and original SDCERA entry age will be reinstated. You will be placed in General Tier A membership or Safety membership, whichever is applicable. Your membership tier with respect to your prior period of service will not change.

If you are unable to redeposit your contributions within the time frame described above, you are still permitted to repay your contributions plus interest at any time prior to retirement. Contact SDCERA if this situation affects you.

If you choose to repay your contributions and interest, you must make payments equal to the amount of your contributions and interest that you had previously withdrawn, plus the interest your account would have earned had you left it on deposit, until your total balance is fully repaid.

If you are rehired and you were previously an SDCERA member, but did not make contributions because your employer offset fully paid your contribution amount, notify SDCERA of your return to employment to insure proper credit of your prior retirement service credit.

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.  
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## 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

Considerations after Termination  
Considerations before Purchasing Service Credit  
Deferred Membership  
Disability Retirement  
Earning Service Credit  
Health Insurance Allowance  
Health Insurance Plans  
Medicare Information for SDCERA Health Plans  
Purchasing Service Credit  
Reciprocity  
Refunds  
Retirement Benefit Options  
Retirement Plan Summary  
Rollover/Transfer for Purchasing Service Credit  
Supplemental Benefit Allowance



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