

SDCERA

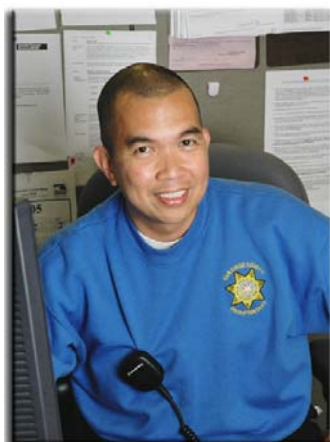
Strength. Service. Commitment.

## Extra

education for  
active members

August 2007

## Understanding the Supplemental Benefit Allowance



After careful analysis and discussion, SDCERA's Board of Retirement approved a new Supplemental Benefit Allowance (SBA) available to a select group of members. The SBA became effective July 1, 2007.

Some members will receive the SBA instead of the health insurance allowance they were previously receiving.

A health insurance allowance, however, is available for Tier I members who retire with at least 10 years of SDCERA service credit.

In July, all members received a letter and fact sheet from SDCERA regarding their eligibility for the SBA. The letter explained whether or not the member is eligible to receive an SBA when he or she retires.

The SBA is available to General, Tier A members, and Safety members covered by the 3% at age 50 benefit formula, who retire with at least 10 years of SDCERA service credit.

Over the past several weeks, SDCERA's Call Center has steadily fielded phone calls on the topic, answering members' questions and concerns. We've included two of the more common questions—and answers—that active members can benefit from learning.

**Q: Will I still have access to health plans offered through SDCERA when I retire?**

**A:** Yes. SDCERA will continue to offer access to several health plans, both for members not yet eligible for Medicare as well as members who are eligible for Medicare. All members have access to these plans, regardless of whether or not they are eligible for an SBA.

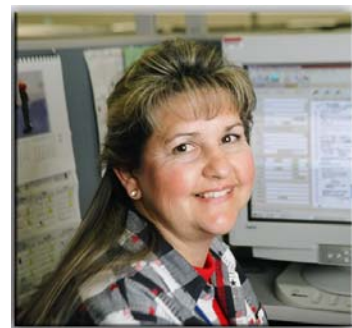
At retirement, members choose from whom they wish to receive their health care coverage. One option is through an SDCERA plan. Other options may include outside health insurance, such as COBRA or a spouse or registered domestic partner's plan. If

you are eligible for an allowance (the SBA or health insurance allowance, whichever may pertain to you based on your job classification and status) it may be used to help offset the cost of your health plan, regardless of which option you choose.

**Q: If I have less than 10 years of SDCERA service credit, am I eligible for the SBA?**

**A:** No. Members need at least 10 years of SDCERA service credit to be eligible for an SBA when they retire.

Remember, some members may not be eligible for either allowance, despite the addition of the SBA.



Click here for more details  
on the SBA

click here to visit [www.sdcera.org](http://www.sdcera.org)

## SDCERA simplifying retirement process

SDCERA is in the midst of streamlining the process to retire, thanks in large part to consistent feedback from members indicating that not everyone wants or needs the same level of assistance when the time comes to hang up their hats.

The resources and help will of course continue to be available to anyone who needs it, and SDCERA is seeking to make the retirement process smoother for everyone. A new Late-Career Seminar will be offered to members who are within six months of retirement, allowing for ample time to review the benefit options and avoid making hurried choices.

However, members who understand their benefit options and don't necessarily require additional assistance may simply submit their application to SDCERA, without attending a seminar.

In addition, other seminars will soon be offered to members who are near the middle of their careers. Educating members early about their retirement benefit choices and other important details helps them to not only make informed decisions when they retire, but also to better understand how certain components (how long they work, their age at retirement, etc.) will ultimately affect their retirement benefit.

SDCERA will continue to provide information on member education programs in this newsletter, as well as at [www.sdcera.org](http://www.sdcera.org) and in the quarterly issues of *News* mailed to your home. Click [Seminars and Workshops](#) for more information.

## SDCERA Definitions

### Vest • ing

Vesting in the retirement plan means you have earned the nonforfeitable right to receive an SDCERA retirement benefit. You are vested when you have at least five years of SDCERA service credit, or a combination of at least five years of service credit from SDCERA and one or more reciprocal systems.

There is a difference between being vested and actually being eligible to retire. In addition to being vested, members must meet minimum age and service credit requirements to be eligible for retirement. If you are vested and quit your job before you've reached 10 years of service credit (a minimum eligibility requirement), you must wait to apply for a retirement benefit until the date you would have had 10 years of service credit had you remained working.

Remember, you have to work for five years to be vested, but your money—that is, the retirement contributions you make to the fund—must work for 10 years.

For more details, click here for the [Retirement Plan Summary](#) fact sheet.

Only  
SDCERA

Only SDCERA offers a library of publications related to your retirement benefits. From comprehensive publications such as the *Survivor and Beneficiary Information* and *Dividing Community Property* booklets, to a full series of topic-specific fact sheets, SDCERA's publication list continues to grow.

To see the list of publications offered to members, click [Forms and Publications](#).

V