

LEAVING EMPLOYMENT

AN OVERVIEW OF YOUR OPTIONS UPON LEAVING YOUR JOB



Your SamCERA benefits are governed by the County Employees Retirement Law of 1937, and the California Public Employees' Pension Reform Act of 2013; therefore, any discrepancies between the law and the information in this booklet will be resolved in accordance with the law.

The material contained in this guide is for informational purposes only and does not constitute legal advice.

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Introduction

If you are leaving employment, you have several possible options regarding your SamCERA benefits. If you are eligible, you can file for a service retirement or a disability retirement. If you are not eligible, or just not ready to retire, you must make a decision about whether or not you want to withdraw your SamCERA contributions and the interest that has been credited to your account.

PLAN 3 MEMBERS

If you are among the small percentage of SamCERA members in Plan 3 (the non-contributory plan), you need ten years of service credit or a combination of SamCERA and reciprocal service credit to become vested. Additionally, Plan 3 members do not have funds to leave on deposit. [Plan 3 members should contact SamCERA upon leaving employment for further information.](#)

Are you eligible to retire?
Verify which plan you are in and your service credit with MySamCERA:

mysamcera.org



WHAT FACTORS SHOULD YOU CONSIDER REGARDING YOUR RETIREMENT ACCOUNT?

If you are leaving employment but not retiring now, there are many factors to consider before making a decision about your retirement account. One factor is whether you are leaving to go work for another public agency that has a reciprocal retirement benefits with SamCERA. If you do so within six months, you can establish reciprocity regardless of how many years of service credit you have, as long as you leave your funds on deposit.

Another factor to consider is whether or not you are “vested.” You are vested when you have five years of SamCERA service credit or a combination of SamCERA and reciprocal service credit. As a vested member, you have earned a lifetime monthly SamCERA benefit even if you leave employment before you are eligible to retire, if you leave your funds on deposit. If you leave employment with less than five years of service credit, you are a non-vested member.

In order to determine what options are available and the best decision for you, check the amount of your service credit, member contributions and interest by using MySamCERA (at mysamcera.org) or the MySamCERA mobile app (available on the App Store and Google Play), or contact SamCERA.

Are you are unable to perform your job duties due to an injury or illness?

If you are leaving active service because you are unable to substantially perform your job duties due to an injury or illness, and your condition is permanent, you may be eligible for a disability retirement. There is no minimum age or years of service requirement for a service-connected disability retirement. For a non-service-connected disability retirement, you must have five years of service credit, but there is no minimum age requirement. Please refer to SamCERA's [Disability Retirement Guide](#) and contact SamCERA for eligibility, application information and deadlines for filing.

WHAT ARE YOUR OPTIONS WHEN YOU LEAVE EMPLOYMENT?

OPTION 1: RETIREMENT

If you are eligible to retire, you may apply for a regular service retirement immediately or choose to defer your retirement to a later date.

While there are two basic components for determining eligibility for service retirement—age and years of service credit—the eligibility requirements may differ depending on your retirement plan. Those differences are described below.

Reciprocal service from another public employer, as well as most service credit purchases may be used to meet SamCERA's service credit requirements.

[Service Retirement Eligibility: Plans 1,2, 4, 5 and 6](#)

You are eligible for a service retirement benefit when you meet one of the minimum age and service credit requirements listed below.

- At least age 50 with 10 years of service credit.
- 30 years (General members) or 20 years (Safety and Probation members) of service credit, regardless of age.
- At least age 70, regardless of service credit.
- Part-time or seasonal employee at least age 55 with 5 years of service credit and 10 years of employment with a SamCERA-covered employer.
- You are a vested member (at least 5 years of service credit) at least age 50 who has terminated employment, and you left your funds on deposit until you would have reached 10 years of service credit had you remained with your employer in a full-time position.

Service Retirement Eligibility: Plan 3

You are eligible for a service retirement benefit when you are at least age 55 with 10 years of service credit. *If you are a Plan 3 member leaving employment, contact SamCERA.*

Service Retirement Eligibility: Plan 7

You are eligible for a service retirement benefit when you meet the minimum age and service credit requirements listed below.

- For General Members: At least age 52 with 5 years of service credit.
- For Safety and Probation Members: At least age 50 with 5 years of service credit.
- General, Safety and Probation members can retire at age 70 with any amount of service credit.

OPTION 2: KEEPING YOUR FUNDS ON DEPOSIT

At the time you leave active service, if you are vested and leave your funds (consisting of your retirement contributions along with any accrued interest) on deposit, you may defer receiving your retirement allowance until you are eligible and ready to apply for retirement. Or, you may choose to withdraw your funds later on, depending on your circumstances. Members who leave active service and are vested are categorized as “Deferred Members.”

If you have five years of service credit with SamCERA (or a combination of SamCERA and reciprocal service credit), and leave your funds on deposit, you automatically become a deferred member.

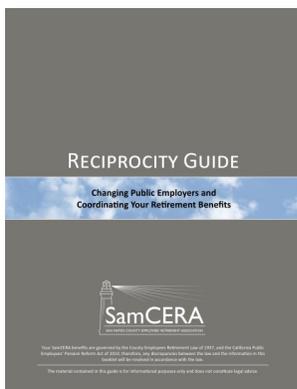
Here’s what you need to know about deferred membership:

- Your funds will continue to earn interest.
- Once you meet the minimum requirements, you become eligible for retirement. Your retirement benefits do not automatically begin when you become eligible to retire, you must apply for retirement.
- You may withdraw your funds at any time, unless you have returned to active membership or established reciprocity between SamCERA and another retirement system. If you withdraw your funds, you waive your rights to all SamCERA benefits.
- No action is required on your part until you decide to apply for retirement (if you become eligible) or withdraw your funds.
- Your funds are subject to federal, “Required Minimum Distribution” requirements after you reach age 72. (See page 8.)

Outgoing Reciprocity

Are you going to work for another public agency in California?

Read the [Reciprocity Guide](#) for important information about linking your retirement benefits.



Learn more!

Get the guide.

Please read SamCERA's [Reciprocity Guide](#) for more detailed information.

samcera.org/guides

If you are **not** vested and leave your funds (which include any accrued interest) on deposit with SamCERA, here's what you need to know:

- Your funds will continue to earn interest.
- You are not eligible for future retirement benefits from SamCERA until you reach the age of 70. *(Unless you increase your service credit to five years by returning to active membership or establishing reciprocity between SamCERA and another retirement system.)*
- You may withdraw your funds at any time, unless you have already returned to active membership or established reciprocity between SamCERA and another retirement system. If you withdraw your funds, you waive your rights to all SamCERA benefits.
- No action is required on your part until you decide to apply for retirement (if you become eligible) or withdraw your funds.
- Your funds are subject to federal "Required Minimum Distribution" requirements after you reach age 72. (See page 8.)

Establishing Reciprocity: Regardless of whether or not you have five years of service credit, you may establish reciprocity if you leave active service and:

- Leave your funds on deposit with SamCERA, and
- Become a member in a reciprocal retirement system within six months of leaving active SamCERA membership.

Any future service credit earned in a reciprocal retirement system will count toward meeting SamCERA retirement eligibility as long as you retire concurrently from all reciprocal systems.

Refer to the *Reciprocity Guide* for the benefits associated with establishing reciprocity.

OPTION 3: WITHDRAWING ALL OF YOUR FUNDS

You may withdraw your funds (including any accrued interest) at any time, unless you have already returned to active

membership or established reciprocity between SamCERA and another retirement system.

There are no partial withdrawals—if you choose to withdraw (or rollover), you must withdraw all your funds. If you withdraw your funds, you waive your rights to all SamCERA benefits.

A withdrawal will terminate your SamCERA membership, your service credit will be gone, and you will no longer be eligible to apply for any future retirement benefits, unless you return to active membership and redeposit all your withdrawn funds and interest, plus any interest the account would have been credited during the period that the funds were not on deposit. Safety members also have the ability to redeposit during active service with a reciprocal system.

A withdrawal may not be the best option for you if you are (1) vested, (2) eligible for a SamCERA retirement benefit or disability benefit, or (3) able to establish reciprocity with your next employer. Before making your decision, compare the amount that you would receive as a refund to the amount of a lifetime monthly benefit for which you may be (or may become) eligible.

Withdrawals from SamCERA can be done in several ways. First, all or a portion of your funds can be directly rolled over to an IRA or another qualified tax-deferred plan. Second, you can be paid in a check made directly out to you. Finally, you can choose a combination of the first two options. The choice you make will affect the taxes that you owe and when you must pay them. See the next page for information on “Taxes on Withdrawals and the Rollover Option.”

- No action is required on your part until you wish to withdraw your funds.
- Such a withdrawal terminates your membership and forfeits any and all rights to future retirement benefits from SamCERA, including disability benefits.
- If you elect to withdraw, carefully read and complete the “*Disposition of Retirement Contributions*” form and electing one of the following options:
 - **Cash Withdrawal**
 - **Rollover**
 - **Partial Cash Withdrawal, Partial Rollover**

Taxes on Withdrawals and the Rollover Option

Your withdrawal will be subject to federal (20%) and, for California residents, a state income tax (2%), unless you do a direct rollover into an IRA or other qualified tax-deferred plan. If you are under age 59½ and do not do a rollover, you will also have to pay a 10% additional income tax on “early distributions,” unless an exception applies. If you do a rollover, you will not have to pay income tax until the time that you ultimately receive the funds and the 10% additional income tax will not apply if those funds are received after you are age 59½. While you must withdraw all of your funds, you can roll all or part of the withdrawn funds over into an IRA or other qualified tax-deferred plan. If you do not roll over the entire amount of the withdrawal, the portion not rolled over will be taxed and will be subject to the 10% additional income tax on early distributions if you are under age 59½.

If you do a direct rollover, SamCERA will make the payment directly to your IRA or other qualified plan. You should contact your account administrator for information on how to do a direct rollover.

If you do not do a direct rollover, you may still do an indirect rollover by making a deposit into an IRA or eligible qualified plan that will accept it. Generally, you will have 60 days after you receive the payment from SamCERA to make the deposit. There are tax consequences for an indirect rollover as SamCERA must withhold for applicable state, federal taxes and penalties, so please refer to the Disposition Form for more information and consult a tax advisor.

Redeposits of Withdrawn Contributions

- If you withdraw and later return to active membership with SamCERA, you may redeposit your funds and interest, plus the interest the account would have been credited during the period the funds were not on deposit, to restore your service credit.
- **Safety Members only:** If you withdrew your SamCERA funds and either currently or formerly engaged in active law enforcement or firefighting and prevention service, you may redeposit those withdrawn contributions and interest, if you are an active member of a reciprocal system at the time of the redeposit.

More Information About Withdrawals

SamCERA will withhold for California and federal taxes on any check written directly to you. While subject to change, the total amount for both withholdings is 22%.

Depending on your tax status, you may owe more or less in state and federal taxes than what was withheld by SamCERA. You may file for a refund or pay the additional amount owed to the IRS and the state when you file your incomes tax returns.

In addition, tax penalties for early withdrawal may apply.

Notice

SamCERA encourages you to consult a tax advisor before deciding how to receive your withdrawal of funds. SamCERA does not offer tax advice.

Required Minimum Distribution for Members Over Age 72

Internal Revenue Code (IRC) § 401(a)(9) requires individuals who reach age 72 having left active service with their contributions on deposit to begin taking a distribution from their SamCERA retirement plan.

An inactive, **vested** member who:

- is not actively employed by a SamCERA employer or a reciprocal employer; and
- has contributions on deposit with SamCERA

will have an option to withdraw their contributions or begin receiving a monthly retirement allowance if they elect either option prior to April 1st after the year they reach age 72.

If the member does not make an election by the deadline, SamCERA will begin issuing a monthly retirement allowance beginning April 1st after the member reaches age 72.

The payment of a retirement allowance or a refund of accumulated contributions becomes mandatory on April 1 of the year following the year in which the individual reaches age 72. Those who fail to take the required minimum distributions may be subject to IRS penalties.

If contributions are withdrawn, this action also terminates the membership and the member waives any future retirement benefit from SamCERA.

An inactive, **non-vested** member who:

- is not actively employed by a SamCERA employer or a reciprocal employer; and
- has contributions on deposit with SamCERA

will automatically receive a refund of their contributions on April 1st after the year they reach age 72.

When You Leave Employment: Your 3 Options At-a-Glance

	Option 1: Retirement	Option 2: Keeping your funds on deposit	Option 3: Withdrawing all of your funds
Conditions	You must be eligible	No special conditions	No special conditions
Consequences	Post-retirement employment with a SamCERA employer has restrictions. See the “Guide to Your SamCERA Benefits” for more information.	<ul style="list-style-type: none"> • You maintain your SamCERA membership • You can retire when eligible, establish reciprocity, or withdraw your funds later 	<ul style="list-style-type: none"> • You are no longer a SamCERA member • You will not be able to retire or establish reciprocity later

RE-EMPLOYMENT WITH A SAMCERA EMPLOYER

If you have five or more years of service credit (SamCERA and/or reciprocal service credit) , and you leave your funds on deposit and are subsequently rehired, you will return to the plan you were in when you left employment, your earlier service credit remains intact and your contribution rate will be based on your original entry date and age. (Plan 7 member contribution rates are not age based.)

If you have less than five years of service credit, if you leave your funds on deposit and are subsequently rehired, you will return to your current plan and your earlier service credit remains intact. If you return to active SamCERA membership within six months, your contribution rate will be based on your original entry date and age. If you return more than six months from the date you left, your contribution rate will be based on your age at the time you re-entered active membership. (Plan 7 member contribution rates are not age based.)

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