



Tulare County Employees' Retirement Association

Pension Progress

Phone: (559) 713-2900

www.tcera.org

Keeping Members Informed

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Leaving TCERA Membership – “What are my options?”

Upon termination of retirement plan membership, you will be given several options for handling the funds in your retirement account. Your primary choices will be to withdraw your contributions and interest from TCERA, leave your funds on deposit with the retirement plan – or retire if you are eligible to do so. Your actual decision may be impacted by the following factors:

- » If you have at least five (5) years of service credit with TCERA alone, or combined with other eligible retirement plans, you may choose to leave your retirement contributions and interest on deposit with TCERA and receive a deferred retirement benefit when you meet the eligibility requirements.
- » If you have less than 5 years of retirement service credit, you can choose to leave your funds on deposit with TCERA and continue to earn interest. You may then withdraw your funds at any time.
- » If you are leaving your present employment to accept a job with certain other state or local public agencies in California (known as “Inter-System Membership”) and do so within 6 (six) months of your termination of membership from TCERA, you may choose to leave your retirement contributions and interest on deposit with TCERA and receive a retirement benefit at a later date.
- » If you currently meet the eligibility requirements, you can choose to apply for a regular service retirement. You cannot choose to withdraw your funds if you plan to receive a retirement allowance.

- » Regardless of your length of service, if you believe that you are permanently disabled from your job, and the disability was caused by job-related injury or illness, you have the right to apply for a service connected disability retirement. **A requirement for receiving a disability retirement is that your retirement contributions and interest must remain on deposit with TCERA.**
- » If you believe that you are permanently disabled from your employment, but that such disability was not caused by your job, **and** if you have at least five (5) years of retirement service, you have the right to apply for a non-service connected disability retirement. **A requirement for receiving a disability retirement is that your contributions and interest must remain on deposit with TCERA.**

If you terminate employment from the County or other member districts, you should contact the Retirement Office and request a “Distribution Elections” form. You can also download this form from TCERA’s website at <http://www.tcera.org>. The Distribution Elections form gives you instructions and your options for receiving a refund, deferring retirement, establishing inter-system membership with a reciprocal retirement plan and for rolling your funds over into another qualified retirement account. (Please be aware that TCERA **does not** handle any refunds you may be eligible to receive from your Defined Contribution Plan (457) account.)

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Leaving TCERA ...

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- » **Cash Distribution.** If you decide to withdraw your funds and receive the entire amount of your retirement contributions and interest in cash, TCERA is required to withhold 20% of the taxable portion of your payment for federal tax withholding. Generally, all contributions made to the plan since approximately September of 1986, and the entire amount of interest earned on all contributions, is considered to be taxable income. In addition, if you are under age 59 ½ at the time of the cash distribution, you will probably be subject to additional Federal and State excise taxes. TCERA staff is available to discuss these penalties further with you at the time you make your distribution choice. Be sure to talk to the Retirement Office staff should you have any questions.

- » **Rollover.** You can avoid the tax withholding and excise tax amounts by electing to “rollover” the entire amount of your taxable distribution into an IRA or other qualified retirement program. Taxes would not be due until you withdraw the funds from the IRA or new retirement program. Should you choose this option, you must inform TCERA of the name of the financial institution or retirement program which will receive the funds. The distribution check will be sent by TCERA to **you**, but will be made payable to the institution or plan you have designated. Again, we encourage you to speak with TCERA staff should you have questions concerning your rollover options.

- » **Combination Distribution.** You are also allowed the option of receiving part of your distribution in cash and rolling over the remainder. The same rules as described above apply for the part that is received in cash and the part that is rolled over.

Besides speaking with members of the TCERA staff, you are encouraged to speak with a qualified financial planner or tax advisor before electing to receive a distribution of your TCERA contribution and interest. Contact the Retirement Office at (559) 713-2900 if we can assist you further.

Your TCERA Plan Membership Type & Tier

Members of the Tulare County Employees' Retirement Association (TCERA) fall under a variety of membership types and benefit formulas. Under TCERA, your membership type depends upon the work you do. Employees whose primary job functions include law enforcement or fire suppression are classified as Safety members. All other employees are classified as General (or Miscellaneous) members. The two types of members, General and Safety have different benefit formulas and employee contribution rates. Safety members have higher benefit formulas than do their General member counterparts. Safety members also pay higher rates of employee contributions than do General members.

Within each of the two types of plan membership exist four benefit tiers. Tier status is the same for all membership types (General and Safety)



and depends upon when you became a TCERA plan member. You are Tier 1 if your TCERA membership began on or before 12/31/79; Tier II if your membership began from 1/1/80 through 12/31/89; Tier III if your membership began on 1/1/90 through 12/31/12; and Tier IV if your membership began on 1/1/13 and after.

Tier I members (both General and Safety) enjoy the highest level of benefits. Tier II and Tier III members have identical benefit formulas, with the application of certain Internal Revenue Code restrictions on benefits – which occurs only under very limited circumstances - being the only difference between these two tiers. Tier I, II, and III members who meet eligibility requirements may receive additional retirement benefits paid through the Supplemental Retiree Benefit Reserve, a special reserve designated for additional, non-guaranteed retiree benefit amounts.

Tier IV retirement benefits are calculated based on a benefit formula that was enacted by the California State Legislature effective as of January 1, 2013. Tier IV members are not eligible for the additional retirement benefits paid out of the Supplemental Retiree Benefit Reserve.

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Membership Type & Tier...

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While most members will remain under the same Tier throughout their careers with TCERA, it is sometimes possible to regain membership under a prior tier. An individual who was formerly a TCERA member, terminated membership, withdrew their funds and has returned to active TCERA membership under a different Tier can regain prior tier membership by re-depositing their withdrawn contributions and interest. In a similar manner, an individual who started membership with TCERA on or after January 1, 2013 may qualify for membership in TCERA's Tier III if the employee can establish a reciprocal link between TCERA and another qualified retirement plan. If you think that you might qualify for membership in a different tier, contact the Retirement Office and we will provide you with additional information.



Retirement Board Elections Coming

The TCERA Board of Retirement will soon be holding elections for Retirement Board members who represent active General and Safety employees. Individuals who are elected to the Board of Retirement serve three-year terms of office. General members have two seats on the Board with the term of office for one of those seats ending as of December 31st of this year. The new term will begin in January 2016 and end in December of 2018.

Safety members will also have an election to select their representatives. TCERA members who are classified as Safety employees (those whose primary duties include law enforcement or fire suppression) will be able to select a Regular representative to the Retirement Board and, depending on who runs for the Board seat, an Alternate Member who serves in the absence of the Regular Trustee. Both of these individuals will take their seats for terms that begin in January of next year and end in December of 2018.

All qualified TCERA members are encouraged to consider representing your fellow employees on the Board of Retirement. The hours can be long and the pay is definitely small, but the results can also be very rewarding. Active participation in the decisions and administration of the retirement plan is the best way to make sure that it remains secure and is able to meet the retirement needs of both current and future members.

TCERA Responds to Frequently Asked Questions



Q. What happens if I live longer than expected? Does my retirement amount get reduced?

A. No. One of the major advantages of a *defined benefit plan*, such as TCERA, is that you cannot outlive your basic retirement allowance. Even though you may very well receive much more in retirement benefits than you ever contributed, your basic retirement allowance will continue to be paid to you until you die.

Q. I've never really understood what it means to have a "Defined Benefit" retirement plan. Why is it important to me?

A. Under a Defined Benefit type of retirement system (like TCERA), a formula is used to calculate the plan members' retirement allowances. The more generous the formula, the higher the retirement benefits for plan members. TCERA uses four major components in calculating your retirement allowance: your final average salary, your membership type and tier, your years of retirement service and your age at retirement. The higher the value for any one or a combination of the components in the formula, the higher your monthly retirement benefit will be. A Defined Benefit retirement program is designed to pay the pension benefit for the life of the retiree – another important feature of the TCERA plan.

Q. What about the flip-side of this? What happens to the money I put into the Plan if I retire but then die *before* I receive an amount that is at least equal to my own contributions and interest?

A. The current provisions of the Plan require that you, your beneficiary or your estate get back in benefits an amount that is at least equal to what you put in. If you were to die before receiving an amount equal to your own contributions and interest, your beneficiary would start receiving benefits in either a monthly continuance or lump-sum payoff (depending upon the option you chose at retirement). If you have no beneficiary the payoff amount would be paid to your estate.

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Found Money??!



Were you aware that the State of California is holding **billions** of dollars in unclaimed property? According to the State Controller's Office, Bureau of Unclaimed Property, these assets have been turned over to the State by businesses and other organizations as required by law. The funds are just waiting there to be claimed by the rightful owners. In preparing this article, employees of the Retirement Office were asked to go to the State Controller's website and report back if they located unclaimed amounts. Of the eleven employees in the office, seven – or 64% - reported that they located funds belonging to them, to a family member, or to a close friend!

The money may be held as a result of unclaimed escrow accounts, bank accounts overpaid insurance premiums, etc. If you would like to know if part of these unclaimed funds belongs to you, we encourage you to look at the State Controller's website at www.sco.ca.gov/col/ucp. You can complete a search in just a matter of minutes and there is no charge to file a claim for unclaimed property. Doing so can also allow you to locate your property without having to hire an outside investigator or "asset finder" to do the search for you. Good luck, you may just discover some forgotten hidden treasure!

