



Kern County Employees' Retirement Association

Pre-Retirement Planning Guide



PRUDENT INVESTMENT • QUALITY SERVICE

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PLANNING YOUR SERVICE RETIREMENT

Preparing and applying for your service retirement doesn't happen overnight. It's a process full of important decisions that will affect you in the years to come. Informed choices and careful planning are critical to smoothly entering this next phase of your life.

KCERA's retirement planning seminar is designed to help you maximize your retirement by presenting information on an array of issues. During the seminar, KCERA will discuss relevant topics that will benefit your retirement planning, including:

- Retirement timeline and eligibility
- Choosing best retirement date
- Other types of retirement
- Retirement allowance options
- Benefit formula factors
- Benefit estimates



This guide is intended to serve as a companion to the retirement planning seminar and is a take-home reference guide. However, we encourage you to contact a KCERA retirement services representative to discuss your particular situation.



Tip: KCERA members who were hired prior to January 1, 2013 are known as "Legacy members," which includes Tier I and some Tier II members. On that date, the Public Employees' Pension Reform Act of 2013 (PEPRA) took effect. In general, "PEPRA members" are eligible employees who joined KCERA on or after January 1, 2013.

If there is any difference between this booklet and the County Employees Retirement Law of 1937 or the PEPRA, the provisions of the law will apply.



RETIREMENT PLANNING CHECKLIST

Remember, applying for retirement is a process that requires careful thought and planning. Depending on your circumstances, you may want to start compiling your retirement “to do” list a few years before your anticipated retirement date.

THREE TO FIVE YEARS BEFORE YOUR RETIREMENT DATE

- Attend a KCERA retirement planning seminar.
- Contact a retirement services representative to discuss your plans.
- Use the benefit estimator in your Member Portal account or at www.kcera.org.
- Target a possible retirement date.
- Make the most of your pensionable earnings (e.g., purchase eligible service credit).

SIX TO TWELVE MONTHS BEFORE YOUR RETIREMENT DATE

- Select a retirement date that enhances your future retirement benefit. Here are some things to consider:
 - Retiring by April 1 makes you eligible for that year’s cost-of-living adjustment.
 - You only receive retirement service credit for completed pay periods, so you may want to retire on the first day of a new pay period.
 - The “age factor” used to calculate your pension increases every quarter-year until you reach age 60 for General Tier I members, age 65 for General Tier II members or age 50 for Safety members.
 - If you are a Legacy member, your final average compensation (FAC) will be computed based on the highest 12 months of your salary anytime during your employment. If you are a PEPR member, your FAC will be computed based on the highest 36 months of your salary anytime during your employment.
- Request an updated retirement benefit estimate from KCERA.
 - To include the Temporary Annuity Option, you must submit a copy of your Social Security Earnings and Benefits Statement. Contact the local Social Security office to obtain an Earnings and Benefits Statement, or request a statement on the Social Security Administration’s website at www.ssa.gov. You may also authorize KCERA in writing to request the statement on your behalf.

RETIREMENT PLANNING CHECKLIST

SIX TO TWELVE MONTHS BEFORE YOUR RETIREMENT DATE (cont.)

- If you were divorced during your County employment:
 - Provide KCERA with a copy of your Judgment of Dissolution. The Judgment should state whether your ex-spouse was awarded an interest in your benefit.
 - If there is a community property claim on your retirement allowance, you must resolve the claim *before* your retirement. KCERA will issue your first retirement payment only after you have submitted a Joinder, court-approved Domestic Relations Order (DRO) and Judgment. Contact a KCERA services representative for more information.

- Contact your department to discuss your unused sick leave and vacation. Unused sick leave can be paid in a lump sum or rolled over to Deferred Compensation (subject to certain limitations). Unused vacation can be paid in a lump sum, rolled over to Deferred Compensation (subject to certain limitations) or applied toward “terminal vacation.”
 - Terminal vacation is a program that lets you run out your final weeks or months of employment as vacation; departmental approval is required. Choosing terminal vacation permits the accrual of additional service credit and may increase your age at retirement, both of which can augment your retirement allowance.

- Contact local organizations if you would like to set up post-retirement voluntary deductions, such as:
 - Retired Employees of Kern County (REOKC)
 - Kern Federal Credit Union deductions and/or share transfers
 - Employee association dues

- Contact your employer’s Health Benefits Division to obtain information about the availability of health benefits for retirees. If you would like to obtain such coverage, you have a limited time to enroll after retiring.

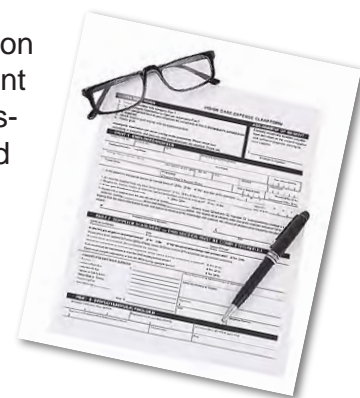
- If you are a member of a reciprocal California retirement system, your retirement allowance will be based on the highest salary for any consecutive 12-month period of employment (or 36-month period for PEPRAs members) in any of the systems with which you have reciprocity. You must meet certain conditions, and you *must* retire on the same day from all systems. Contact a KCERA retirement services representative for more information.



RETIREMENT PLANNING CHECKLIST

TWO MONTHS BEFORE YOUR RETIREMENT DATE

- Contact a KCERA retirement services representative to discuss any remaining questions about your estimated retirement benefit. Make a final decision regarding your retirement date and retirement option.
- Obtain a retirement application packet from the KCERA office or online at www.kcera.org. The packet will contain an Application for Service Retirement, a Beneficiary Designation Form, a Retirement Payment Authorization, an Electronic Remittance Request Form and a list of frequently contacted agencies. Please return the forms *within 60 days* of your retirement date. However, if you plan to go on terminal vacation, you may submit the forms when your vacation begins.
- Complete any outstanding, ongoing service purchase contracts. You may contact a KCERA retirement services representative to obtain payoff information. If you have any other eligible retirement service that you would like to buy, you must complete the purchase prior to retiring.
 - If you will be taking advantage of a vacation/sick leave rollover to pay for a retirement service credit purchase, you must do so 60 to 90 days before your retirement date. Contact a retirement services representative to apply.
- Complete and return the documents from your retirement application packet. Your retirement application must include your final retirement date, option selection and beneficiary information. If you will be choosing the Temporary Annuity Option, you must enclose an updated Social Security Earnings and Benefit Statement.



ONE MONTH BEFORE YOUR RETIREMENT DATE

- Resolve any retirement questions with a KCERA representative.
- Finalize details with Health Benefits and Deferred Compensation.
- Prepare your finances for the interim, “unpaid” period between your retirement date and the deposit date of your first benefit payment. This period can last up to eight weeks.



Tip: You do not need to follow this timeline precisely. However, it can serve as a helpful guide during the retirement process.

SERVICE RETIREMENT

SERVICE REQUIREMENTS

General Members: Any General Tier I or II member with 10 years of retirement service credit who is age 50 or older, or with 30 years of retirement service credit regardless of age, is eligible for service retirement.

Safety Members: Any Safety Tier I or II member with 10 years of retirement service credit who is age 50 or older, or with 20 years of retirement service credit regardless of age, is eligible for service retirement.

Age 70: Any member who is age 70 or older, regardless of service, is eligible for service retirement.

- “Golden Handshakes,” prior public service and military service do not count toward eligibility for retirement. This service credit is added after eligibility is determined.



INTEGRATION WITH SOCIAL SECURITY

County employees and most Special District employees participate in Social Security. For these employees, your KCERA retirement allowance will be integrated with your Social Security allowance. “Integration” means that your KCERA allowance will be reduced by an applicable Social Security reduction factor.

Your KCERA allowance has no impact on your Social Security benefits. You are entitled to whatever level of Social Security benefits you qualify for, regardless of your KCERA allowance.

If you are an employee of a Special District that does not participate in Social Security, your KCERA allowance will not be integrated with Social Security and therefore will not be reduced by a Social Security reduction factor.



In addition to service retirement, KCERA provides the following retirement benefits to its members:

NONSERVICE-CONNECTED DISABILITY RETIREMENT

If you are unable to substantially perform the usual duties of your job for an indefinite period of time due to an injury or illness that is not job-related, you may be eligible for a nonservice-connected disability retirement. You must have at least five years of retirement service credit to qualify.

SERVICE-CONNECTED DISABILITY RETIREMENT

If you are unable to substantially perform the usual duties of your job for an indefinite period of time due to an injury or illness that occurred as a result of your employment, you may be eligible for a service-connected disability retirement. There is no minimum age or service requirement.

DEFERRED RETIREMENT

If you terminate employment before you are eligible to retire, you may elect to leave your contributions and interest on deposit with KCERA and to defer your retirement. You may apply for retirement at any time that you were eligible to retire for service if you had continued your employment. You must have a minimum of five years of retirement service credit to be eligible to defer your retirement.

RECIPROCAL RETIREMENT

If you terminate your County or Special District employment and within six months become a member of a reciprocal retirement system, you may choose to leave your contributions and interest on deposit with KCERA and to elect a reciprocal retirement. There is no minimum age or service requirement.



Tip: You must retire from all reciprocal agencies on the *same* day to receive the benefits of reciprocity. Not doing so will break reciprocity.

RETIREMENT OPTIONS

When you apply for service retirement, you will have five retirement options from which to choose: an unmodified option and four modified options. Your monthly retirement allowance will be based on the option you choose. Regardless of which option you select, you will receive a monthly allowance for the rest of your life. However, your selection *cannot* be changed after retirement.

You will have up to five retirement allowance options from which to choose.

After your death, your spouse, registered domestic partner or named beneficiary may be eligible for a continuance, depending on the retirement option that you choose. Any such continuance is payable for the life of that person. Upon your death, your beneficiary or estate will also receive a \$5,000 death benefit.



A spouse or registered domestic partner is typically designated as the primary beneficiary due to the community property laws in the State of California and because of the substantial survivor benefits available to these persons. However, you may change the beneficiary designated to receive the \$5,000 death benefit at any time after you retire, regardless of which retirement option you choose.

Many members choose the Unmodified Option because it provides the highest monthly payments to you during your lifetime and a 60% continuance to your spouse or registered domestic partner after your death. Selecting a modified option will decrease your monthly allowance, but, except for Option 1, they permit you to designate a beneficiary other than a spouse or registered domestic partner to receive a continuance.

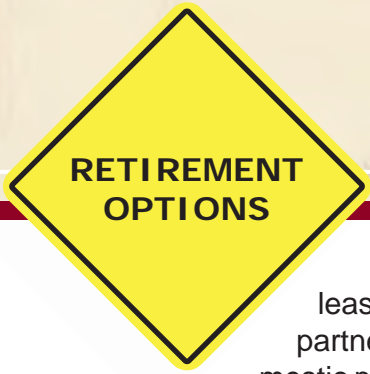
Your choice of an option is a personal one, and you should evaluate each option based on your unique circumstances.

UNMODIFIED OPTION

The Unmodified Option provides the highest monthly payments for your lifetime. Upon your death, your eligible spouse or registered domestic partner will receive a 60% continuance of your retirement allowance. If you do not have an eligible spouse, your eligible minor children may share this survivor continuance until they reach age 18 (continuing to age 22 if enrolled full-time in an accredited school), marry or die, whichever occurs first.

During your retirement your accumulated contributions to the retirement system are reduced by your total retirement allowance. If upon your death, you do not have an eligible spouse, domestic partner or minor children, the remaining amount of your accumulated contributions will be refunded in a single payment to your designated beneficiary or your estate.

To qualify as an eligible spouse or domestic partner, your spouse or domestic partner must be named as your beneficiary and you must be married or registered as domestic partners for at



least one year prior to your retirement date. If you marry or register as domestic partners after retirement, you must be married to your spouse or registered as domestic partners for at least two years prior to your death and your spouse or domestic partner must be at least 55 years old at the time of your death.

MODIFIED OPTION #1

This option depletes your accumulated contributions at a slower rate. Your accumulated contributions will be reduced by the annuity portion of your allowance only. (The annuity portion of your allowance is that portion that represents a return on your accumulated contributions.) Upon your death, your designated beneficiary or your estate will receive a single payment refund of any remaining contributions.

This option does *not* provide a survivor continuance. However, it is the only option that allows you to name your estate as your beneficiary. Under this option, your named beneficiary may be changed at any time, even after retirement.

MODIFIED OPTION #2

Under this option, the amount of your monthly allowance is based on the age of your beneficiary. Your allowance may be sharply reduced if your beneficiary is considerably younger than you are.* This option provides a 100% survivor continuance to your beneficiary (for a non-spousal beneficiary, *up to* a 100% continuance).

Your designated beneficiary need not be an eligible spouse to qualify for the survivor continuance, but your beneficiary must be a person having an insurable interest in your life. You may not change the beneficiary named to receive the survivor continuance for any reason, even if your beneficiary predeceases you. Further, there is no provision to refund any of your remaining contributions if both you and your beneficiary die before the contributions are paid out.

MODIFIED OPTION #3

Under this option, the amount of your monthly allowance is based on the age of your beneficiary. Your allowance may be sharply reduced if your beneficiary is considerably younger than you are.* This option provides a 50% survivor continuance to your beneficiary.

Your designated beneficiary need not be an eligible spouse to qualify for the survivor continuance, but your beneficiary must be a person having an insurable interest in your life. You may not change the beneficiary named to receive the survivor continuance for any reason, even if your beneficiary predeceases you. Further, there is no provision to refund any of your remaining contributions if both you and your beneficiary die before the contributions are paid out.

RETIREMENT OPTIONS

MODIFIED OPTION #4

This option is similar to Modified Option #2 in that it allows you to name a beneficiary other than a spouse to receive *up to* a 100% continuance. However, this option allows you to name more than one beneficiary to share in the continuance. Your monthly allowance is reduced based on the age of your youngest beneficiary.* If any of your beneficiaries are considerably younger than you, then your allowance may be sharply reduced.

You may not change your named beneficiaries after retirement for any reason, even if one or more of your beneficiaries predeceases you. Further, the death of one or more of your beneficiaries will not increase the continuance paid to the remaining beneficiaries. Finally, there is no provision to refund any of your remaining contributions if both you and your beneficiaries die before the contributions are paid out.

** If your designated beneficiary is someone other than a spouse and you are older by an “adjusted age difference” of more than 10 years, the maximum survivor benefit percentage will be reduced based on a table in IRS Regulation 1.401(a)(9)-6. For more information, please contact the Internal Revenue Service at (800) 829-1040, visit www.irs.gov, or consult a tax professional.*

TEMPORARY ANNUITY OPTION

If you are under age 62 when you retire, you may elect to take the Temporary Annuity Option (TAO). With this option, your KCERA allowance is increased for the period from retirement to age 62 and then decreased for the remainder of your life. The following example illustrates how the TAO works:

- A General member retires at age 50 and receives an unmodified benefit of \$1,500.
- The member provides a Social Security Earnings & Benefit Statement showing an estimated benefit of \$600, payable at age 62.
- The Social Security benefit amount is multiplied by a modification factor of 0.330772, based on the member’s age at retirement, to arrive at the TAO amount of \$198.
- The TAO amount of \$198 is added to the member’s unmodified benefit of \$1,500, resulting in a total KCERA benefit of \$1,698 per month, payable *until* age 62.
- At age 62, the member’s KCERA benefit is reduced by \$600, leaving a KCERA benefit of \$1,098 per month, payable *after* age 62.
- The member then applies for the Social Security benefit of \$600, resulting in combined pensions of \$1,698 per month, payable *after* age 62.

RETIREMENT OPTIONS

The TAO example could also be represented in the following way:

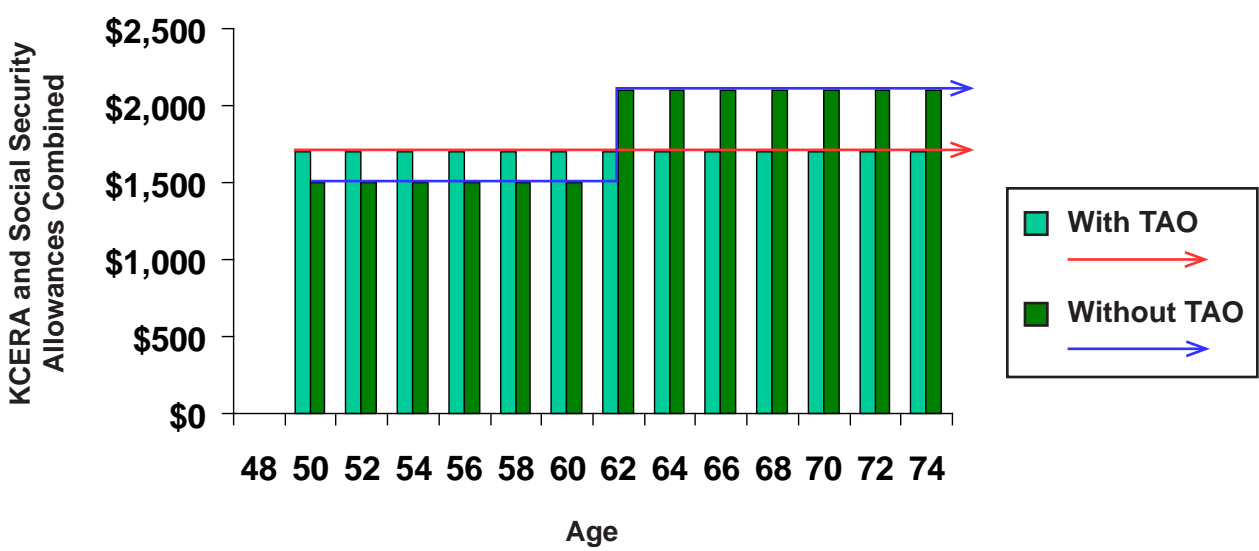
Base retirement	\$1,500
Temporary annuity	198
Total pension (payable until age 62)	\$1,698
Social Security reduction (at age 62)	(600)
Total KCERA pension (payable after age 62)	\$1,098
Social Security (payable at age 62)	600
Combined pensions (payable at age 62)	\$1,698

The Temporary Annuity Option is a way to “level out” your monthly retirement income, including Social Security payments that you may be eligible to receive at age 62. If you are integrated with Social Security, *your KCERA allowance has no impact on your Social Security benefits.* You are entitled to receive the full Social Security benefit for which you qualify.

In addition, the Temporary Annuity Option will *not* affect your survivor continuance. Survivor continuances are calculated on your base retirement allowance without adjustments for the Temporary Annuity.

In the above example, if the member chose *not* to incorporate the Temporary Annuity Option into her KCERA allowance, she would receive her base retirement of \$1,500 per month until death. At age 62, she would apply for her monthly Social Security allowance of \$600, bringing her combined pensions to \$2,100. Both pensions would be payable for life.

The difference between the two scenarios is depicted in the graph below.



MAKE THE MOST OF YOUR RETIREMENT ALLOWANCE

Your service retirement allowance is based on your age at retirement, final average monthly compensation, total retirement service credit and benefit tier. Increasing any of these factors will increase your monthly retirement allowance.

AGE AT RETIREMENT / AGE FACTOR

Until you reach age 60 for General Tier I members, age 65 for General Tier II members or age 50 for Safety members, each quarter-year of age increases the age factor used to calculate your allowance. For example, if you plan to retire in December, but you would be a quarter-year older in January, you may want to postpone your retirement date until January to increase your allowance.

KCERA uses four schedules for age factors: two for Safety members and two for General members:

- Safety Member Age Factors – Government Code §31664.1 (Tier I) and §31664 (Tier II) are used to calculate retirement allowances for Safety members.
- General Member Age Factors – Government Code §31676.17 (Tier I) and §31676.01 (Tier II) are used to calculate retirement allowances for General members.

FINAL AVERAGE COMPENSATION (FAC)

For Legacy members hired prior to 2013, your final average monthly compensation is computed on your highest 12 consecutive months of base pay and pensionable “special pays.” For PEPRA members, your FAC is computed on your highest 36 consecutive months of base pay and pensionable special pays.

The following common special pay items are included in the final average compensation of *both* Legacy and PEPRA members for retirement purposes. This list is *not* exhaustive. To see complete lists applicable to Legacy and PEPRA members, respectively, visit www.kcera.org.

- Availability pay
- Bilingual pay
- 12-hour shift pay
- Higher classification pay
- Retroactive salary increment
- Longevity pay
- 6% premium pay
- SWAT Team physical fitness pay
- Employer contributions to Kern\$Flex
- Workers’ Compensation re: Labor Code 4850



YOUR RETIREMENT ALLOWANCE

The following special pay items are *not* included in the final average compensation of Legacy or PEPRA members. This list is *not* exhaustive. To see complete lists of non-pensionable special pay items, visit www.kcera.org.

- Reimbursed employee expenses
- Final settlement pay (e.g., accrued vacation, sick leave)
- Transcript fees for court reporters
- Overtime pay
- Cash payments not available on a periodic or annual basis (e.g., financial hardship)

RETIREMENT SERVICE CREDIT

Retirement service credit is accumulated during periods of employment with the County of Kern or a Special District. Total retirement service credit consists of earned retirement service credit plus purchased retirement service credit.

Retirement service credit accumulates for each pay period while you are employed in a position eligible for KCERA membership. Historically, permanent part-time employees have accumulated retirement service credit in proportion to regularly budgeted hours, regardless of the actual hours worked. For example, if you occupied a 50% position, you accumulated a half-year of retirement service credit for each year of active employment, even if you actually worked 80 hours each pay period.



Retirement service credit accumulates while you are working or on leave *with* pay. It will not accumulate if you are on leave *without* pay for an entire pay period. If you are paid for a partial pay period, you may receive full retirement service credit for that payroll period. Certain leaves of absence without pay may be purchased for retirement service credit.

Purchased service credit increases your monthly retirement allowance. Retirement services representatives can provide information to help you decide whether it is advantageous to purchase additional retirement service credit.



Tip: More service credit = higher retirement allowance

MAKE THE MOST OF YOUR RETIREMENT ALLOWANCE

BENEFIT TIER

Your benefit tier will also impact your retirement allowance. If you were a General member hired prior to October 27, 2007 and your contributions remained on deposit with KCERA, you will continue as a Tier I member. The benefit formula for General Tier I members is “3% at 60.” Typically, if you were a General member hired on or after October 27, 2007, you will be enrolled in Tier II, which provides a benefit formula of “1.62% at 65.”

If you were a Safety member hired prior to March 27, 2012 and your contributions remained on deposit with KCERA, you will continue as a Tier I member. The benefit formula for Safety Tier I members is “3% at 50.” Typically, if you were a Safety member hired on or after March 27, 2012, you will be enrolled in Tier II, which provides a benefit formula of “2% at 50.”

MEMBER PORTAL

KCERA launched the Member Web Portal to provide members with greater access to their retirement account information, including much of the employment information listed above. To register for a portal account, go to www.kcera.org and click on “Member Portal.”

- **Active and deferred members** will be able to view their employment history, service purchases, KCERA documents, and more. They will also be able to plan for retirement by running retirement benefit estimates using their current (or projected) service and salary information.
- **Retirees and other pensioners** will be able to view, download and print their benefit information and monthly payment remittances. They can also submit address, tax and payment instruction changes without having to mail anything to KCERA.



PURCHASING SERVICE CREDIT

You may be eligible to purchase additional service credit available to you under certain conditions. The two types of purchasable service credit are prior county service and prior public service. Purchases of prior public service, including military service, and “Golden Handshake” service credit do *not* count toward your eligibility for retirement. Such service credit is added only after retirement eligibility is determined. However, purchases of prior county service count toward your eligibility for retirement.

If you decide to purchase retirement service credit, the total cost will include two components: 1) contributions you would have made if you had been a KCERA member during that time, and 2) accrued interest since that time. The interest rate is based on KCERA’s actual investment earnings as of June 30 and December 31 of each year.

All retirement service credit purchases must be completed before your retirement date.

REDEPOSIT OF WITHDRAWN CONTRIBUTIONS

If you terminated previous KCERA membership and withdrew your contributions, you may redeposit those contributions and restore the service credit in full, under one of the following conditions:

- You have returned to employment with Kern County or a participating Special District and are now a member of KCERA.
- You left Kern County employment prior to 1971, withdrew your contributions and are now a member of CalPERS or another county covered under the County Employees Retirement Law of 1937.



Your cost to redeposit will include the amount of contributions you withdrew plus interest accrued since that time.

If you were formerly a KCERA member under Tier I, terminated employment, withdrew your funds and returned to active KCERA membership after Tier II took effect, you may redeposit all contributions and interest previously refunded in order to receive credit for the previous service. A redeposit for time worked after Tier II took effect will be credited as a Tier II service purchase.

COUNTY OR DISTRICT SERVICE PRIOR TO MEMBERSHIP

As a member, you may purchase retirement service credit for County or District employment excluded from KCERA membership. Such service includes extra-help, per-diem, temporary and part-time employment. You may not purchase service credit for employment as an independent contractor or employment eligible for participation in another retirement system.

PURCHASING SERVICE CREDIT

Your cost to purchase such service will include the contributions you would have paid if you had been a member at that time, plus accrued interest.

MEDICAL LEAVES OF ABSENCE

If you take a medical leave of absence without pay for one or more entire pay periods, you may purchase and receive credit for up to 26 consecutive pay periods as long as 1) you return to work and 2) your time off was for an unpaid medical leave.

Your cost to purchase a medical leave without pay will include the contributions you would have paid, plus accrued interest.

PRIOR PUBLIC SERVICE (PPS)

You may be eligible to purchase and receive service credit for employment with:

- Federal government, including active military
- State of California: all agencies or departments
- Any city or county in California
- Any public agency situated in whole or in part in Kern County



This assumes you are not entitled to receive a pension from another retirement system for the prior service you seek to purchase. Your cost to purchase PPS will be at least twice the contributions you would have paid had you been a member at that time, plus accrued interest.

PURCHASE METHODS

There are a variety of methods available for purchasing additional retirement service credit. You may use a combination of one or more of the following options, unless otherwise indicated.

- Lump sum payment – Members may make a lump sum payment for their service credit purchase. This method is available to all members.
- Payroll deduction – Only active members may make payroll deductions. The duration of service being purchased determines the number of payments. The number of payments may not exceed five years or 130 bi-weekly payments. Payments are made through bi-weekly deductions, with the minimum duration being one pay period. Deductions must be made on an after-tax basis. Retirement service credit is added to your account when the purchase is paid *in full*. Additional amortized interest, calculated at the current actuarial assumed rate, is included in the bi-weekly payment amount. You may pay off the outstanding balance at any time to avoid additional interest charges.



PURCHASING SERVICE CREDIT

- Retirement account rollover – Members may roll over funds from a qualified tax-deferred retirement account (e.g., 401(k), 401(a), 403(b) and governmental 457(b) plans) to pay for service credit purchases. Such rollovers are tax-deferred.
- Vacation rollover – This method is available to active members only *once* during employment. You must submit a written request to your department head no later than April 1 before the fiscal year in which you intend to roll over, though he/she may waive this deadline. Upon approval, your department head will authorize the Auditor-Controller to transfer funds from your vacation balance to KCERA. Required tax withholding will reduce the amount available to apply to your purchase.
- Salary advance at retirement – This method is available to members no earlier than 90 days before their scheduled retirement date. Under this method, you authorize the Auditor-Controller to transfer funds from your vacation and sick leave accruals to KCERA. This requires the pre-approval of your department head. Required tax withholding will reduce the amount available for your purchase. If your vacation/sick leave accruals are insufficient to pay for your purchase, the remaining balance must be paid by lump sum. Members wishing to use this method should contact the involved parties early so that they will have ample time to process the purchase.



APPLICATION PROCESS

For purchases of prior County or District service, complete a Certification of Prior Kern County Service and return it to KCERA.

For purchases of prior public service, complete a Certification of Prior Public Service and return it to KCERA. KCERA will forward the application to the prior public agency for certification of your employment.

For purchases of active military service, complete a Certification of Prior Public Service and return it to KCERA along with a copy of your DD214.



Tip: You can download and print the purchase of service forms by visiting the KCERA website at www.kcera.org.

POST-RETIREMENT TIPS

BENEFIT PAYMENTS

Retirement benefits are paid on the last business day of each month. All benefit disbursements are processed through Wells Fargo Bank on behalf of KCERA. To modify any of your payment information, include tax withholding, complete and return an original Change Request Form to KCERA along with a copy of your state-issued photo identification. Or, you can update the information via your Member Portal account.

CHANGE OF ADDRESS

It is important to keep KCERA informed of changes to your mailing address. For your protection, KCERA requires that such changes be made in writing and include your original signature and a copy of your state-issued photo identification. A Change Request Form is available at KCERA and at www.kcera.org. Or, you can make the change via your Member Portal account.

DIRECT DEPOSIT

Your retirement payment will be electronically transferred to your financial institution and credited directly to your account. A “direct deposit” enrollment form is included in your retirement application packet. A remittance advice listing the amount of deposit, deductions and other information will be sent to your home by regular mail. Or, you can opt-in to electronic document delivery via your Member Portal account.

CHANGING BENEFICIARIES

After retirement, you may change your beneficiary designated to receive the lump sum death benefit, regardless of which retirement allowance option you have chosen.

However, you may not change the beneficiary designated to receive a *continuance* of your benefit under Modified Options 2, 3 or 4. Only under the Unmodified Option can you remarry or enter into a registered domestic partnership after retirement and have your new spouse or registered domestic partner become eligible for a continuance. To qualify as an eligible spouse or registered domestic partner, you must have been married to your new spouse or registered with your domestic partner for at least two years after retirement, and your spouse or partner must be at least age 55 upon your death. (If you were married to your spouse or registered as domestic partners for at least one year prior to retirement, the age 55 restriction does not apply.)

KCERA requires that all beneficiary changes be made in writing. A Beneficiary Designation Form is available from the KCERA office or online at www.kcera.org





POST-RETIREMENT TIPS

WORKING AFTER RETIREMENT

After retirement, you may work for any employer *other than* a KCERA plan sponsor without affecting your KCERA retirement allowance. You may also work for a KCERA-covered employer as Extra-Help and still receive your benefit, but your employment would be limited to 960 hours in a fiscal year. Also, general members must wait 180 days after retiring before being employed *in any capacity* by a KCERA plan sponsor. Exceptions may apply, so please contact KCERA before making post-retirement employment decisions.

If you accept full-time employment with a KCERA plan sponsor, your retirement benefits will be suspended until your employment ends. Moreover, if your new full-time employment makes you eligible for KCERA membership, you will begin accruing a new KCERA benefit.

INCOME TAXES

Your KCERA service retirement allowance is subject to both state and federal income tax withholding. You will be given the opportunity to make an election regarding tax withholding at the time you retire. KCERA can only withhold state taxes for you if your primary residence is in California.

KCERA staff cannot advise you on the taxability of your retirement benefits. However, when you retire, KCERA will provide you with a statement of your total contributions and interest, including any portion that was already subjected to income tax withholding. This information can be used to consult with the State Franchise Tax Board, the IRS or your tax consultant. In late January of each year, KCERA will send you a Form 1099R that shows the benefits you received and taxes withheld in the previous year.

TEMPORARY ANNUITY OPTION

If you chose the Temporary Annuity Option at retirement, it is your responsibility to apply for Social Security benefits when your sixty-second birthday is imminent. KCERA will reduce your monthly benefit when you turn age 62, whether or not you have applied for Social Security benefits.

Your KCERA benefit will be reduced the month after your sixty-second birthday. However, if your birthday is on the first day of the month, your KCERA benefit will be reduced the same month that you turn age 62.

*It is **your** responsibility to apply for Social Security benefits.*

You must contact the Social Security Administration to apply for your Social Security benefits. The Social Security Administration recommends filing for your benefits online at www.ssa.gov or calling (800) 772-1213 to schedule an appointment.

FREQUENTLY ASKED QUESTIONS

Q. What can I do to maximize the service credit used to calculate my retirement allowance?

A. Certain types of prior public service, prior county employment or leaves of absence may be purchased to increase your retirement service credit. Also, you receive retirement service credit for each completed bi-weekly payroll period, so you are encouraged to schedule your retirement date for the first day of a pay period.

Q. What factors are used to compute my retirement allowance?

A. Your allowance is based on your age at retirement, final average monthly compensation, retirement service credit and benefit tier.

Q. How is the final average monthly compensation period computed?

A. Final average compensation for retirement purposes includes base pay plus other items of cash compensation made to you. Certain items of pay, however, are excluded from final compensation for retirement purposes. Commonly excluded items include overtime pay and certain lump sum payments made at retirement, such as payouts for accrued sick leave, accrued vacation and accrued overtime. Your final compensation for retirement purposes may therefore be different from the compensation you actually received. Final average monthly compensation is the average of your highest 12 consecutive months of compensation during your employment with a KCERA employer.

Q. How do I determine my last working day?

A. Your last day of employment is the day preceding your retirement date. If you terminate your county employment and you do not retire on the following day, you will not be eligible to receive a sick leave payoff. Contact your department for additional information regarding sick leave payoffs.

Q. How does terminal vacation affect my allowance?

A. If you choose terminal vacation, KCERA will use your last day of terminal vacation as your last day of employment. For most members, this approach permits accrual of additional service credit and may also increase your age at retirement. *If you take terminal vacation, you cannot return to work.* Your department can fill your position when you start terminal vacation. Contact your department for additional information and assistance in determining when your terminal vacation will end.

Q. When is the best time to retire?

A. Each quarter-year of age increases your retirement allowance, up to age 60 for General Tier I members, up to age 65 for General Tier II members and up to age 50 for Safety members. For example, if you plan to retire in December but you will be a quarter-year older in January, you could postpone your retirement date until January. In addition, you may want to consider retiring *on or before* April 1 to take advantage of the *up to* 2.5% cost-of-living adjustment (COLA) that retired members could receive each year. However, it might be advantageous for you to retire *after* April 1 if a COLA will not be granted that year due to a negative Consumer Price Index (CPI) from the prior year.



FREQUENTLY
ASKED
QUESTIONS

Q. Which is the best retirement option to choose?

A. That is a personal decision that only you can make. However, the Unmodified Option pays the highest monthly amount. The monthly amount is the same whether or not you have an eligible spouse or domestic partner. If you have an eligible spouse or domestic partner, this option will pay a 60% continuance to that person upon your death. But, depending on your individual circumstances, it may be to your advantage to select one of the other retirement options. These options are designed to be financially equivalent for the membership as a whole. Experience will vary in individual instances.

Q. How does my KCERA retirement affect my Social Security benefits?

A. While you have choices on how to receive your KCERA service retirement benefits, your KCERA pension *has no impact on your Social Security benefits*. You are entitled to whatever level of Social Security benefits for which you qualify, regardless of your KCERA pension.

Q. What is the Temporary Annuity Option?

A. The Temporary Annuity Option allows you to “level out” your total retirement income, including Social Security payments, if you choose to retire prior to age 62.

Q. Who is eligible for the Temporary Annuity Option?

A. Members who retire for service before age 62 and who are integrated with Social Security are eligible to choose the Temporary Annuity Option. Members who are granted a disability retirement are not eligible for this option.

Q. How does the Temporary Annuity Option work?

A. The temporary annuity will apply to whichever retirement option you choose. With the Temporary Annuity Option, your KCERA benefits are increased by a pre-determined temporary annuity amount until you attain age 62. At that time, your KCERA benefit is reduced, and you will have to apply for your Social Security benefit to “level out” your retirement income.

Q. Does the Temporary Annuity Option affect my beneficiary?

A. No, the Temporary Annuity Option does not affect survivor continuances. Survivor continuances will still be based on your base retirement allowance without respect to past temporary annuity adjustments.

Q. How do I receive a Temporary Annuity Option estimate?

A. You must obtain an estimate of your Social Security benefits from the Social Security Administration and provide this document to KCERA. You will then receive a benefit estimate from KCERA that incorporates your temporary annuity amount.

FREQUENTLY ASKED QUESTIONS

Q. Can I change my retirement option election after I retire?

A. The option you choose for retirement is irrevocable once your first KCERA payment is deposited. Your choice is permanent for the rest of your life and for the life of your spouse and/or beneficiary.

Q. Can I rescind my retirement at a later date?

A. You may rescind your voluntary service retirement application at any time *prior* to the deposit of your first KCERA payment. Whether you can continue employment after rescinding your retirement is up to your employer.

Q. What if I am disabled before I retire?

A. If you are permanently disabled and unable to substantially perform the usual duties of your job for an indefinite period of time, you may apply for a disability retirement. If your disability is job-related, you can apply at any time. If your disability is not job-related, you must have at least five years of retirement service credit to be eligible. If you become disabled, contact the KCERA office for additional information.

Q. Who is an eligible spouse?

A. An eligible spouse is the person to whom you were married for at least one year prior to your retirement date. For the Unmodified Option only, an eligible spouse also includes someone to whom you were married for two years after retirement and is age 55 at the time of your death.

Q. Who is an eligible domestic partner?

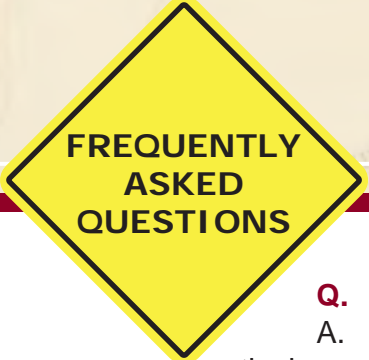
A. An eligible domestic partner is the person with whom you have entered into a registered domestic partnership for at least one year prior to your retirement date. For the Unmodified Option only, an eligible domestic partner also includes someone to whom you were registered for two years after retirement and is age 55 at the time of your death.

Q. Will my eligible spouse or domestic partner continue to receive benefits if he or she remarries or enters into a new partnership after my death?

A. Yes.

Q. Who should be my beneficiary?

A. A married member normally names his or her spouse as beneficiary because of the community property laws in California and the substantial survivorship benefits available to a spouse in the event of the member's death. Your beneficiary must be someone who has an insurable interest in your life. You may not name a trust or other non-living entity as your beneficiary. The person named as beneficiary may be changed by the member at any time. Forms are available at www.kcera.org or in the KCERA office.



**FREQUENTLY
ASKED
QUESTIONS**

Q. Can I change my beneficiary after retirement?

A. After retirement, you may change your beneficiary designated to receive the lump sum death benefit. You may not change your beneficiary designated to receive a continuance of your benefit under Options 2, 3 or 4. If you remarry or enter a registered domestic partnership after retirement, your new spouse or partner can be named as your beneficiary to receive a continuance under the Unmodified Option as long as the new spouse or partner meets eligibility requirements. See “Who is an eligible spouse?” and “Who is an eligible domestic partner?” above. A Beneficiary Designation Form may be obtained from the KCERA office or online at www.kcera.org.

Q. Do I have to come to the retirement office to sign my final retirement papers?

A. No, retirement papers can be processed through the mail. However, you would need to provide original signatures on the final papers, a valid form of photo identification and any outstanding paperwork previously requested by KCERA.

Q. What about medical coverage after retirement?

A. Retiree health insurance and/or retiree health supplement programs are available, subject to certain eligibility and participation rules. Premiums are deducted from your monthly KCERA allowance. Contact your employer’s Health Benefits Division for additional information.

Q. Can I have a deduction from my allowance routed to Kern Federal Credit Union each month?

A. Yes, you can sign up for payroll deductions at any time to have a portion of your KCERA allowance routed to Kern Federal Credit Union each month. Contact the credit union at (661) 327-9461 for additional information.

Q. Can KCERA withhold other voluntary deductions from my allowance?

A. With your written authorization, KCERA will withhold deductions from your monthly allowance for Kern Federal Credit Union, Retired Employees of Kern County (REOKC), SEIU Local 521, Kern County Fire Fighters, Kern County Health Benefits, Kern County Superior Court Health Benefits, PGA (supplemental retiree insurance via REOKC), United Way, and state and federal withholding taxes. KCERA cannot withhold voluntary deductions for any other agencies.

Q. Can I cancel or change my voluntary deductions?

A. Yes, you must notify the applicable organization or agency to request that a particular deduction be canceled or modified. These agencies will then notify KCERA of the change. To make changes to your federal or state withholding taxes, contact the KCERA office directly. To cancel your REOKC membership, contact REOKC directly.

FREQUENTLY ASKED QUESTIONS

Q. When will I receive my first retirement payment?

A. Typically, you will receive your first KCERA payment at the end of the month following the month in which you retire.

Q. What if I change my address?

A. Notify the KCERA office immediately by mail or in person. If we receive your address change early enough in the month, your remittance advice will be mailed to your new address the same month. For your protection, all requests for address changes must be made in writing.



Tip: KCERA administers your defined benefit plan only. Please contact Health Benefits at (661) 868-3182 and Deferred Compensation at (661) 868-3467 with questions related to those areas.



**EXAMPLE
BENEFIT
ESTIMATE**



Kern County Employees' Retirement Association
11125 River Run Boulevard
Bakersfield, CA 93311

Tel (661) 381-7700 • Fax (661) 381-7799
Toll Free (877) 733-6831
TTY Relay (800) 735-2929

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Statement of Pension Benefits for:

Salley Smith
12345 Main Ave
Fresno, CA 93704

Service Retirement Benefit – Estimate

The information below has been used to calculate your pension benefit. Please review it carefully. If any of the information is incorrect, please contact KCERA to request verification and/or correction. Changes will result in your receiving an amended statement and *Election of Retirement Allowance* form.

Personal Data

Type of Member:	General Tier I
Birth Date:	10/31/1970
Retirement Entry Date:	01/01/2006
Retirement Date:	12/23/2020
Age at Retirement:	50.00
Final Average Salary:	\$7,948.62
Total Years of Service:	14.8720
Regular Service:	14.8720

If you have eligible service credit to purchase, please contact the KCERA office at (661) 381-7700 or toll free at (877) 733-6831, or visit www.kcera.org.

EXAMPLE BENEFIT ESTIMATE

ELECTION OF RETIREMENT ALLOWANCE

Salley Smith

April 15, 2016

The monthly retirement allowance amounts listed below are based on a retirement date of December 23, 2020.

Initial in 1 Box Only	<i>Final Average Compensation: \$7,948.62</i> <i>Years of Service: 14.8720</i> Retirement Allowance Election	Your Monthly Benefit	Beneficiary's Monthly Benefit
<input type="checkbox"/> Unmodified	<p>Unmodified Option: This option provides the maximum monthly allowance to you for your lifetime with 60% of the allowance continued after your death to your spouse, registered domestic partner or eligible children.</p> <p>This election is final. If at your death there is no one qualified for this continuance, your contingent beneficiary will receive your accumulated contributions of \$43,119.24, less the sum of the actual monthly retirement allowance payments received by you.</p>	\$2,364.24	\$1,418.54
<input type="checkbox"/> Option 2	<p>Option 2 – Up to 100% Joint and Survivor: This option provides for a monthly retirement allowance to you for your lifetime with up to 100% of the allowance continued after your death to your spouse or surviving beneficiary for their lifetime. <i>Your estimated benefit will be based on Mr. John Smith's date of birth.</i></p> <p>This election is final. If your named beneficiary, Mr. John Smith, dies before you, a new beneficiary may NOT be designated. The allowance under this option will be continued only through your life.</p>	\$2,191.79	\$2,191.79



Salley Smith
April 15, 2016

Primary Beneficiary(ies)

<i>Name and Address</i>	<i>SSN</i>	<i>Relationship</i>	<i>Birth Date</i>	<i>Percentage</i>
Mr. John Smith	XXX-XX-7890	Spouse	1/01/1970	100%

Contingent Beneficiary(ies)

The contingent beneficiary(ies) listed below is entitled to receive the KCERA death benefit or any remaining payable benefits in the event that there are no surviving primary beneficiaries upon my death.

SAMPLE

ADDITIONAL CONTACTS

Following is a list of additional organizations that you may wish to contact as you prepare for retirement.

Deferred Compensation

Treasurer-Tax Collector's Office
1115 Truxtun Ave., 2nd Floor
Bakersfield, CA 93301
(661) 868-3467
www.kerncounty457.com

Kern Federal Credit Union

1717 Truxtun Ave.
Bakersfield, CA 93301
(661) 327-9461
<http://kernfcu.org>

Social Security Administration

5300 Office Park Dr., Suite 100
Bakersfield, CA 93309
(866) 734-6226 or (800) 772-1213
www.ssa.gov

Employee Associations

SEIU Local 521
(661) 321-4160
www.seiu521.org

Kern County Fire Fighters Union
(661) 864-1301
www.kerncountyfirefighters.org

Kern County Prosecutor's Association
(661) 868-2331

Kern County Sheriff's Command Association
(661) 201-3849

Health Benefits (County)

CAO-Health Benefits Division
1115 Truxtun Ave., 1st Floor
Bakersfield, CA 93301
(661) 868-3182
www.kerncountyhealthbenefits.com

Health Benefits (Courts)

Superior Court of California, County of Kern
1415 Truxtun Ave., 2nd Floor, Room 212
Bakersfield, CA 93301
(661) 868-6173

Kern County Aging & Adult Services

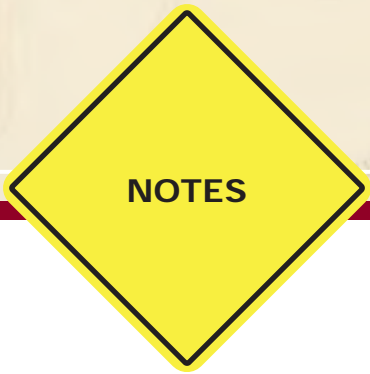
5357 Truxtun Avenue
Bakersfield, CA 93309
(661) 868-1000
aginginfo@co.kern.ca.us

Kern Law Enforcement Association
(661) 392-4430
www.klea.org

Kern County Probation Officers' Association
(661) 301-7753
www.kcpoa.com

Kern County Detention Officers' Association
(661) 374-3740
www.kcdoa.info

Retired Employees of Kern County
www.reokc.org



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