

# **ACERA Mid-Career Seminar**

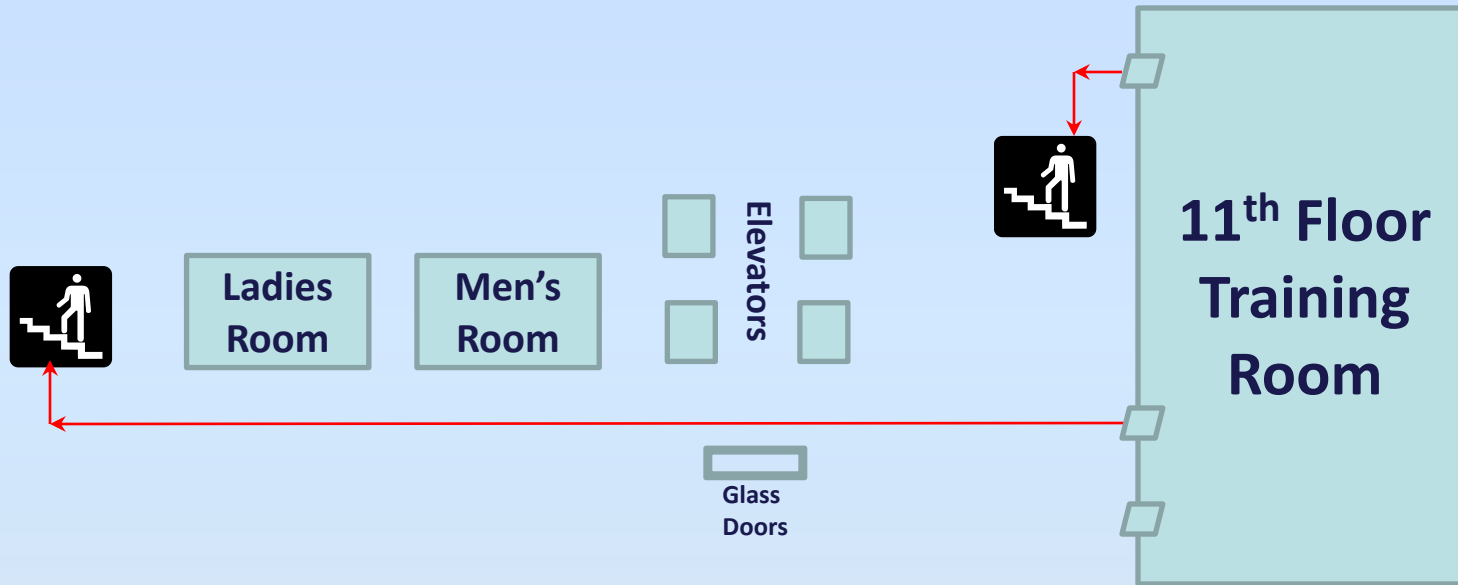
**Are you on track to retire the way you want?  
Are you doing all you can right now to  
maximize your benefit?**


**Don't make the same mistake most people  
make---waiting too long before they get their  
retirement plans in order. Let us help.**





# Egress Procedure



**If alarm sounds, proceed to stairwell and walk down 4 floors (or to like colored symbol): 11<sup>th</sup> down to 7<sup>th</sup> Floor Green Square** 

# Financial Planning for Retirement

Some Financial Planners advise that if you plan to maintain the same quality of life at retirement that you experience as an active employee, you should plan to receive at least 80% of your pre-retirement income.

## Income to Consider:

- ◆ **ACERA Retirement Allowance**
- ◆ **Deferred Compensation**
- ◆ **Social Security**
- ◆ **Other employer pension plans**
- ◆ **Personal Savings, IRA's**



Your ACERA retirement allowance alone may not be enough to cover your financial needs as a retiree. Now is the time to assess your retirement needs and plan to retire comfortably utilizing other financial vehicles available to you.

# ACERA Overview

- ✦ ACERA is organized under the County Employees Retirement Law of 1937.
- ✦ ACERA provides lifetime retirement benefits as well as disability and death benefits to its members.
- ✦ ACERA is a “defined benefit” pension plan, qualified under IRS Section 401(a).
- ✦ Retirement benefits under the plan are determined by a defined benefit formula, not on how much an individual contributes.



# ACERA Membership (1 of 2)

Retirement membership is mandatory for all full-time, permanent employees of Alameda County & ACERA Participating Employers (Alameda County Medical Center, Alameda County Courts, First Five, Livermore Area Park and Recreation, and Alameda County Housing Authority) who are employed in “retirement eligible” positions.

Employees excluded from membership generally include:

- ◆ Part-time/intermittent employees
- ◆ Project employees
- ◆ Contract employees
- ◆ TAP employees

# ACERA Membership (2 of 2)

- ✦ Membership begins upon payment into ACERA, usually occurring with your 2nd pay period.
- ✦ Contributions are deducted through biweekly or monthly payroll and are taken on a tax deferred basis.
- ✦ Contributions continue for as long as you are an active member (except for safety members after 30 yrs. of service).

# Eligibility for Service Retirement

- ◆ Age 50 with 10 years of service or membership (includes service purchases and re-deposits, does not include other public service purchase)
- ◆ 30 years (General) or 20 years (Safety) of service at any age (including some purchased service)
- ◆ Age 70 – any amount of service

Refer to page 38 of the Member Handbook.

# Membership Types and Tiers

	<b>Tier I</b>	<b>Tier II</b>	<b>Tier III **</b>
<b>General and Safety Members Who:</b>	Entered ACERA <b>on or before June 30, 1983</b> , and have been a member continuously (or redeposited under Aquilino)	Entered or re-entered ACERA <b>on or after July 1, 1983</b>	<ul style="list-style-type: none"> <li>• LARPD only</li> <li>• Employed prior to 10/1/08 and selected T-III</li> <li>• Entered ACERA on or after 10/1/08</li> </ul>
<b>Final Average Salary Calculations Based On:</b>	Highest <b>26</b> consecutive pay periods or <b>12</b> months of pay	Highest <b>78</b> consecutive pay periods or <b>36</b> months of pay	Highest <b>26</b> consecutive pay periods or <b>12</b> months of pay
<b>Age Factors for Retirement Formulas Increase to Age:</b>	<b>50</b> for <b>Safety</b> members and <b>62</b> for <b>General</b> members	<b>50</b> for <b>Safety</b> members and <b>65</b> for <b>General</b> members	<b>55</b> for <b>General</b> members

\* Page 20, Member Handbook. For more information on plan membership refer to page 7-8 of the Member Handbook.

\*\* Tier III applies to only LARPD at this time.

# Retirement Allowance Formula: 3 Factors

Monthly retirement allowances are determined by three factors:

- ◆ Age
- ◆ Service Credit
- ◆ Highest Average Monthly Salary  
(also called Final Average Salary or FAS)

Generally, the higher any of these factors, the greater your benefit.



# Formula Factor 1: Age at Retirement (1 of 2)

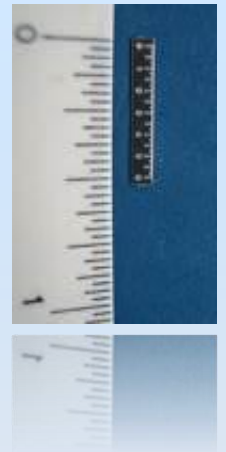
Each additional quarter year of age will increase your monthly retirement allowance:

Tier I General members up to age 62

Tier II General members up to age 65

Tier I & II Safety members up to age 50

Tier III members up to age 55



**\* Safety members deferred prior to July 3, 2005 receive different levels of benefits.**

Refer to page 40 of the Member Handbook.

# Formula Factor 1: Sample Age Chart (2 of 2)

In this sample age factor chart, age factor percentages used in the benefit formula increase with quarterly birthdates:

Percentage of Final Average Salary For Each Year of Service				
AGE	GENERAL Tier I	GENERAL Tier II	SAFETY Tier I & II*	Tier III (LARPD)
45	⊘	⊘	2.34%	⊘
50	1.34%	1.18%	3.00%	2.00%
55	1.77%	1.49%	3.00%	2.50%
60	2.34%	1.92%	3.00%	2.50%
62	2.62%	2.09%	3.00%	2.50%
65 and Over	2.62%	2.43%	3.00%	2.50%

(\*Age factors do not apply to safety members deferred prior to July 3, 2005.)

Refer to page 40 of the Member Handbook.

# Formula Factor 2: Service Credit (1 of 5)

Service credit is earned for hours worked each pay period of employment during membership. It starts with your date of entry (usually the 1st day of your second pay period) and ends with your termination date. It includes MTO and VTO time.

Retirement service credit does not include:

- ✦ Time missed because of leave without pay
- ✦ Vacation purchase plan time used

## Sick Leave Credit:

Sick leave is the only type of accrual counted towards service credit. It is only counted if retirement is effective the day after your termination date. Generally, the maximum number of allowable sick leave days creditable to service credit is 125 days.

**The more service credit you have, the higher your retirement benefit.**

# Eligible Service Credit Purchases (2 of 5)

Service credits may be increased if you have service credit available to purchase.

The following service credit, if purchased, will count towards vesting and retirement eligibility:

- ◆ **Ineligible/non-covered service purchase** – part-time, TAP time, or ineligible employment with ACERA participating employer
- ◆ **Unpaid Medical leave or state disability insurance leave** – up to 26 pay periods or 12 months as long as you return from leave
- ◆ **Days prior to entry** – employment period prior to member entry date
- ◆ **Military leave during membership** – upon return from leave
- ◆ **Redeposit of prior memberships**
- ◆ **Other prior public service**

Refer to page 18 of the Member Handbook.

# Redeposit of Prior Membership Service (3 of 5)

A redeposit is a “repayment” of a member’s withdrawn ACERA retirement contributions from a prior membership upon termination of employment. No benefits for this membership are payable unless a redeposit of contributions is made for this period.

- ◆ You must be a current member of ACERA to redeposit a previous membership, unless under AB 2766 for Safety members.
- ◆ Redeposit payment must be paid in full. No partial purchases are allowed.
- ◆ The cost of the redeposit includes withdrawn contributions plus the interest that would have been earned through the date of purchase.
- ◆ Redepositing withdrawn contributions may affect current tier status upon repayment of withdrawn contributions (Aquilino Lawsuit).



# Other Public Service Credit (4 of 5)

Other public service may be purchased if you were employed by the following agencies and if you are not eligible for a pension from that service.

- ◆ Federal Government, including military service (only those hired prior to 08/10/72)
- ◆ Other '37 Act Counties
- ◆ State of California or PERS contract employer
- ◆ East Bay Municipal Utility District (EBMUD)
- ◆ Port of Oakland
- ◆ Any city within Alameda County
- ◆ Any public school district in Alameda County
- ◆ Any public agency reciprocal with PERS

\* PERS refers to CalPERS, the California Public Employees' Retirement System

Refer to page 10 of the Member Handbook.

# **Purchase/Redeposit Cost & Payment (5 of 5)**

## **Why do you want to pay for Service Credit purchases or Redeposits ASAP?**

- ✦ Redeposits and service purchase cost amounts include member contributions plus accumulated interest.
- ✦ Other public service purchase costs include both employer and member contributions, plus accumulated interest.

## **Payment Options:**

- ✦ Lump-sum check
- ✦ Rollover from a 401k, 403b, 457, or an IRA
- ✦ Payroll deduction payments, pre-tax or post-tax
- ✦ Combination of any of the above.

# What happens to my remaining leave balances?

## Sick Leave

- ✦ At retirement, a percentage of a member's unused sick leave balance is converted to service credit.
- ✦ You must retire the day after your last day in pay status to receive sick leave credit.

## Deputy Sheriffs Only

- ✦ Receive compensation (in cash) from the County for 20% of their remaining sick leave balance.
- ✦ Sick leave compensation received is included and averaged in the final average salary calculation.



# Formula Factor 3: Final Average Salary

## What is included in Final Average Salary?

- ◆ Base salary
- ◆ Pay differentials such as eligible on-call pay and shift differentials and footnotes
- ◆ Vacation payoff upon termination\*
- ◆ Vacation sales \*

\*Limited according to your tier status. Also, it will only be included if it's made during your Final Compensation Period, which is the period of highest pay during your career.

# FAS: Vacation

Upon retirement, you will be paid off for any unused vacation hours. ACERA will include this payoff amount in your final average salary calculation up to certain limits depending on whether or not you are in Tier I or Tier II.

## Limits:

- ✦ **Tier I** : Up to one year's worth of vacation. Can also include any vacation sales made during the FAS one year period, but not to exceed one year's worth of accruals.
- ✦ **Tier II** : Up to three years' worth of vacation. Can also include any vacation sales made during the FAS three year period, but not to exceed three years' worth of accruals.

# FAS: Vacation

Below is an example of a County employee's accrual rates:

<b>YEARS OF COUNTY SERVICE</b>	<b>Tier I Maximum vacation cash credit allowable for final comp period (12 months) under Ventura</b>	<b>Tier II Maximum vacation cash credit allowable for final comp period (36 months) under Ventura</b>
<b>0 to completion of 4 years</b>	<b>2 weeks</b>	<b>6 weeks</b>
<b>5 years to completion of 11 years</b>	<b>3 weeks</b>	<b>9 weeks</b>
<b>12 years to completion of 20 years</b>	<b>4 weeks</b>	<b>12 weeks</b>
<b>21+ years</b>	<b>5 weeks</b>	<b>15 weeks</b>

# FAS: Vacation Scenarios

Scenario # Member Description Final Comp Period (FCP) Vacation Accrual Rate Vacation Accrued	Vacation Cashed Out & Received at Termination	Vacation Sell Back Received during FCP	Total # of Vacation weeks for which member received cash during FCP	Total vacation to be included in Final Average Salary (FAS)	Maximum weeks Member could have applied to FAS
<b>TIER I</b>					
FCP: 12 mos. Accrual Rate: 4 weeks/year Vacation Accrued: 7 weeks	7 weeks	2 weeks Sold	9 weeks	4 weeks (Determine highest pay rate during selection)	4 weeks
<b>TIER II</b>					
FCP: 36 mos. accrual Accrual Rate: 4 weeks/year Vacation Accrued: 8 weeks	8 weeks	3 weeks sold	11 weeks	11 weeks Total: • 8 weeks from vacation payoff at termination • 3 weeks from sell back	12 weeks (4 wks. x 3 yrs.)

# Retirement Allowance Formula Example

Scenario: Tier II member retires at age 65 after earning 25 years of service credit.

<b>2.43%</b>	<b>x</b>	<b>\$5,000</b>	<b>x</b>	<b>25.0000</b>	<b>= \$ 3,037.50</b>
<b>Age Factor Percentage</b>		<b>Highest Average Monthly Salary</b>		<b>Years of Service</b>	<b>Monthly Retirement Allowance</b>

✦ Use our Retirement Benefit Estimate Calculator at [www.acera.org](http://www.acera.org)



# Requesting Retirement Estimates

- ✦ ACERA provides retirement estimates upon request. Requests must be submitted in writing; estimates will not be given over the phone.
- ✦ Estimates will be based on current highest average salary – ACERA does not project future salaries.
- ✦ To request an estimate, contact ACERA at:  
475 14th Street, Suite 1000  
Oakland, CA 94612  
(800) 838-1932 or (510) 628-3000  
Fax: (510) 268-9574



# Financing the Plan

ACERA's Benefits are financed from three sources:

1. Employee Contributions
2. Employer Contributions
3. Investment Earnings



Refer to page 3 of the Member Handbook.

# 1. Employee Contributions

Employee contribution rates are set by law and an annual actuarial study. The rate is based on an individual member's age at entry or age of re-entry.

Rates are affected by:

- ◆ Interest assumption rate changes
- ◆ Cost of living benefits
- ◆ Changes in the level of benefits
- ◆ Changes in life expectancy actuarial tables



Adverse investment experience (losses) does not impact employee contribution rates.

Employee contributions are continuous and mandatory for all retirement eligible employees (except Safety members after 30 years service).

Refer to page 9 of the Member Handbook.

## 2. Employer Contributions

Employer contribution rates are a certain percentage of aggregate payroll, which is subject to retirement.

Rates vary year to year and are dependent upon:

- ✦ Level of benefits established
- ✦ Rate of return on investments
- ✦ Cost of administering benefits

The only way to collect employer contributions is to retire and receive a monthly retirement allowance. Employer contributions are not refundable to the member.

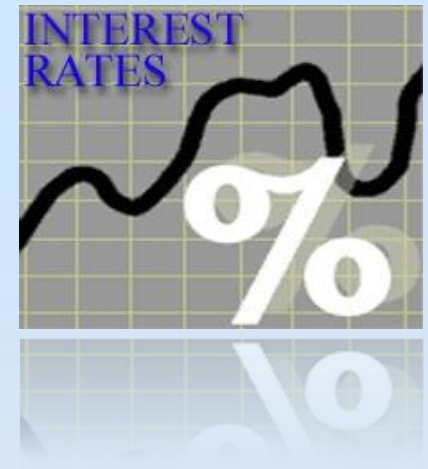


# 3. Investment and Interest Earnings

The Plan's assumed interest rate is set by the Board of Retirement.

Investment and interest earnings are distributed twice yearly (June 30th and December 31st) to all accounts, if applicable:

- ◆ Member accounts
- ◆ Reserve accounts (employer reserves and supplemental benefits reserves)



Refer to page 3 of the Member Handbook.

# Am I Vested? What does this mean?

Members become vested once 5 years of credited service are earned or purchased\* in their retirement account. Upon vesting you are entitled to a lifetime monthly allowance upon retirement eligibility. Funds must be left on deposit for this benefit entitlement.

Reciprocal service is also considered towards vesting requirements.



**\*See slide #11 for purchase of service credits eligible for vesting requirements.**

Refer to page 15 of the Member Handbook.

# Terminating Employment – What are my options?

## 1. Refund of employee paid contributions and interest:

- ✦ You will waive your rights to any benefit entitlements earned from this membership.
- ✦ You may redeposit and reestablish benefit entitlement, if you return to employment and become an ACERA member again in the future.
- ✦ Disbursement may be made in a lump sum payment or rollover into another eligible retirement account. (Options may depend upon pre-tax and post-tax balances.)

## 2. Leave contributions on deposit (defer membership):

- ✦ You can still be refunded at anytime, but you will waive your rights to future benefits.
- ✦ Interest will continue to accumulate on account balance when applicable.
- ✦ Vested Members - if deferred until retirement eligibility, you will be eligible for monthly lifetime benefits.
- ✦ Non-vested Members - unless you become vested by returning to membership and earning at least five years of service, you will not be entitled to future monthly retirement allowance unless account is deferred until age 70. Only account balance of employee contributions and interest will be available for payment.

## 3. Establish Reciprocity

# Reciprocal Membership (1 of 3)

Reciprocity is a “linking” or joining of membership between similarly administered California public retirement systems, which allows employees who move between certain California retirement systems to preserve and enhance their total retirement benefits.

## Benefits of establishing reciprocity:

- ◆ **Contribution rate** in new system may be based on your age of entry in first system/lower contribution rate.
- ◆ **Service credit** earned under each system will qualify you for retirement eligibility under all systems, however overall service credit is not used in computing your retirement allowance.
- ◆ Your **highest average salary** under any reciprocal retirement system is used by all systems to determine ACERA benefits at retirement, disability or death.



# Reciprocal Membership (2 of 3)

## To Qualify for Reciprocity:

- You must elect to defer your retirement and leave your contributions on deposit with your prior retirement association.
- You must terminate employment under first agency, have been hired on and establish membership within 180 days with another reciprocal agency (Safety members may establish partial reciprocity if longer than 180 days). This includes other '37 Act Retirement Systems (most large counties in California or public agencies with reciprocity with CALPERS or with CALPERS itself). An exception is the University of California Retirement System.
- You must retire from all systems (with which you have established membership) at the same time.
- You must not have overlapping service.



# Reciprocal Membership (3 of 3)

## Partial Reciprocity AB 2766:

- ✦ For eligible safety members to redeposit a membership in a reciprocal agency.

## Disability Retirement and Reciprocity

- ✦ When a member who has established reciprocity retires from ACERA on disability, the previous system is required to pay only its proportional share of the ACERA disability payment. Members may not receive a benefit amount for more than they would have received had all service been earned in one retirement system.

# Changes In Employment Status that affect Membership

## Full-time to Part-time:

Account balance remains with ACERA. Contributions cannot be withdrawn unless employment is terminated.

You have two membership options:

1. Elect to defer membership.
2. Elect to continue membership. Continue making contributions to Retirement Account.

## Part-time to Full-time:

ACERA membership will begin on the first pay period following full-time appointment. You may purchase part-time service. You will also need to complete a new member enrollment form.

If you were a contributing member of ACERA due to a prior full-time status, you do not need to take any action.

# Vested Benefits

Guaranteed in the 1937 Act County Employee Retirement Law

## 1. Lifetime monthly retirement allowance (upon eligibility):

- Regular Service Retirement
- Disability Retirement
- Monthly Continuances payable to eligible beneficiaries

- OR -

**Employee paid contributions upon termination of employment or death**

## 2. Annual Cost of Living Adjustment (COLA) on April 1st:

- Tier I and III - up to, but not to exceed 3% per year
- Tier II - up to, but not to exceed 2% per year

# Non-Vested Retirement Benefits

## Non-Vested Benefits:

- ✦ Are not guaranteed benefits.
- ✦ Are paid through the Supplemental Retiree Benefits Reserve (SRBR) and may be reduced or eliminated if funds are not available.
- ✦ Are generally determined by the Board of Retirement.

## Currently include:

- ✦ Health, Dental and Vision Plan Contributions
- ✦ Medicare Part B Reimbursement
- ✦ Supplemental COLA
- ✦ Lump Sum Death Benefits
- ✦ Active Death Equity Benefits

# **Medical, Dental & Vision Plan Coverage offered by ACERA**

## **Medical Plan Coverage**

### **Monthly Medical Allowance (MMA)**

MMA is a non-vested ACERA “years of service” benefit available to all eligible ACERA retired employee members to help offset the cost of retiree health plan premiums. MMA is only available for those retirees enrolled in ACERA sponsored health plans.

## **Dental & Vision Plan Coverage**

# When is the best time to retire?

## When thinking about retirement keep in mind:

- ◆ The annual cost of living increase is effective on April 1st of each year (maximum of 2% for Tier II and 3% for Tier I).
- ◆ Each day worked counts towards service credit, and slightly increases your benefit.
- ◆ Age factors used to determine your benefit increase each quarter of a year the older you become:
  - ◆ up to 50 for Safety members
  - ◆ 62 for Tier 1 members
  - ◆ 65 for Tier 2 members

# Retirement Application Process

Applications must be received no earlier than 60 days before the effective date of retirement and no later than the effective date of retirement.

When members decide to retire they should do the following:

- ◆ Attend a Pre-Retirement Seminar.
- ◆ Call the Retirement Office for an individual counseling session in which an application may be filed.
- ◆ Notify their department of their termination date.
- ◆ Contact their deferred compensation provider, if applicable.
- ◆ Contact Social Security if eligible for benefits.

# Disability Retirement



## Service Connected Disability:

- ◆ No minimum age or service credit.
- ◆ Must provide evidence that you are permanently disabled to perform job duties and disability is a result of injury or disease arising out of the course of employment.
- ◆ Benefit is generally 50% of final average salary. Benefit may be prorated if reciprocal agreement exists.

## Non-Service Connected Disability:

- ◆ Must be vested with 5 years of service. No minimum age.
- ◆ Must provide evidence that you are permanently disabled to perform job duties.
- ◆ Benefits are generally, but not always, one third of final average salary. Benefit may be prorated if reciprocal agreement exists.

Refer to page 22 of the Member Handbook.

# Divorce \ Domestic Partnership Dissolution



Retirement benefits are community property and therefore belong equally to the member and spouse/domestic partner to the extent that they are earned between the first day of marriage or domestic partnership and the date of separation. If it is determined by the court or through an agreement of the parties that the ACERA benefits will be divided, two methods are available:

◆ **Separate Accounts:** This method divides the community property – accumulated contributions, interest, and service credit – into two separate accounts, one for the member and one for the former spouse/domestic partner. By far this is the more popular approach. This method is not available after ACERA has begun retirement payments to the member.

◆ **Shared Accounts:** With this method, the account itself is not divided, but the benefit payments themselves are divided between the member and the former spouse/domestic partner after the member retires.

ACERA's legal department provides sample orders for either separate accounts or shared accounts. Proposed orders should always be submitted to ACERA for approval before submitted to the court. For further information, see ACERA's memo, Impact of Marital Dissolution on ACERA Benefits, which is available from ACERA's Legal Department and on ACERA's website. ACERA's Legal Department should be contacted early in the dissolution process.

Refer to page 32 of the Member Handbook.

# Benefits payable if death occurs prior to Retirement

## Vested Members

Beneficiaries receive a choice among 3 Options:

- ◆ Death Benefit Option A
  - Return of Employee Contributions and Interest plus
  - One month of salary for each year of service, not to exceed 6 years.
  
- ◆ Death Benefit Option B (to qualified beneficiary only) (Active Death Equity Benefit)
  - Monthly survivors allowance benefit
  
- ◆ Death Benefit Option C (to qualified beneficiary only)
  - One month of salary for each year of service, not to exceed 6 years
  - Reduced monthly survivors allowance benefit

## Non-Vested Members (less than 5 years of service)

- ◆ Beneficiaries receive Death Benefit Option A
  - Return of employee contributions and interest plus one month of salary for each year of service, not to exceed 6 years.

## Deferred Members

- ◆ Return of employee contributions and interest

Refer to page 35-36 of the Member Handbook.

# Active Death Equity Benefit

## Eligibility

- ✦ Vested members (5 years of credited service)
- ✦ Beneficiary must be eligible spouse or registered State of California domestic partner.

### Note:

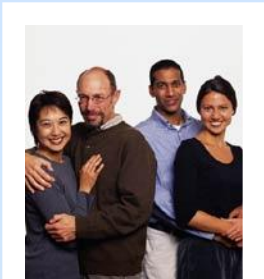
This is a non-vested benefit and is evaluated and subject to approval by the Board of Retirement on an annual basis, and is based on a minimum of 1/3 final average salary.

Refer to page 36 of the Member Handbook.

# Beneficiary Designations



- ◆ Designating beneficiaries enables them to receive any death benefits payable in the event of the member's death.



- ◆ A beneficiary can be a spouse, domestic partner registered with the state, minor child, or any other person.

- ◆ A member may designate multiple beneficiaries.

- ◆ It is important to keep beneficiary designations current to ensure timely payments to the appropriate persons.

- ◆ Active members may change their beneficiaries at any time. A beneficiary designation form (provided in your seminar folder) and may be obtained from the Retirement Office or from ACERA's website.



- ◆ All beneficiary changes must be made in writing and cannot be made over the phone.

**Refer to page 35 of the Member Handbook.**

# New Member Checklist

Here are some simple steps you should take to make the most of your ACERA membership:

- ✓ Complete your ACERA Member Enrollment Questionnaire
- ✓ Keep your address information up to date with your employer
- ✓ Keep your beneficiary information up to date with ACERA
- ✓ Read ACERA newsletters and annual financial reports
- ✓ Review your annual ACERA Member Statement
- ✓ Attend a mid-career seminar between 5 and 10 years of employment
- ✓ Attend a pre-retirement seminar 1 to 3 years prior to your retirement date



More Questions? Contact ACERA Member Services at 1-800-838-1932, or view the ACERA website at [www.acera.org](http://www.acera.org)

Refer to page 14 of the Member Handbook.

# The ACERA Board of Retirement and Staff wish you a safe and fulfilling career!



Visit us on the web at [www.ACERA.org](http://www.ACERA.org) for regular informational updates!

No statement in this presentation is to be considered a legally binding interpretation, enlargement, or amendment of the provisions in the County Employees' Retirement Law of 1937 or ACERA Regulations.