

# VCERA Member?

## What You Need to Know

# What Is VCERA?

## Organizational Mission

The Ventura County Employees' Retirement Association (VCERA) was founded in 1947 to provide eligible employees of the County of Ventura with a lifetime retirement benefit called a *pension* or *retirement allowance*. Today, VCERA provides retirement benefits on behalf of the County of Ventura, Ventura County Superior Court, Ventura County Air Pollution Control District (APCD), Ventura Regional Sanitation District (VRSD) and VCERA.

VCERA is a defined benefit, public pension plan governed by the County Employees Retirement Law of 1937 ("1937 Act") and the California Public Employees' Pension Reform Act of 2013 (PEPRA). The organization's mission is to provide service retirement and disability retirement benefits to its 19,000 members as well as survivor benefits to eligible beneficiaries.



## Advantages of a Defined Benefit Plan

Unlike any other employment benefit, a defined benefit (DB) pension plan offers you retirement income that will last your lifetime. This is VCERA's bedrock commitment to you, the fulfillment of a "pension promise" that you can take to the bank—every month for life. But that's not the only advantage of a DB plan:



**Disability retirement.** Members who are permanently incapacitated from performing their normal job duties could receive a lifetime disability retirement benefit, if granted by the Board of Retirement.

**Inflation protection.** A compounding cost-of-living adjustment (COLA) is applied to eligible retirement benefits each April.<sup>1</sup>

**Survivor benefits.** After a retired member dies, an eligible beneficiary (e.g., spouse) could also receive a lifetime continuance and a \$5,000 death benefit.

**Professional management.** Pension funds are managed by professional investment managers, not individual members.

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<sup>1</sup> Safety retirees and General Tier 1 retirees of the County may be eligible for an annual COLA, up to 3%. General Tier 2 and Tier 8 retirees of the County who were represented by SEIU on or after 3/16/2003 may receive a fixed 2% COLA on their eligible COLA service.

# What Does VCERA Offer Me?

## Retirement Income for YOU

VCERA pays a monthly retirement benefit calculated based on a formula defined by law, not on your personal savings or retirement contributions. This benefit will be payable from your date of retirement to your date of death, without exception. And if you are eligible for the annual COLA, your benefit could increase in value over time.

The same is true of disability retirement benefits, which VCERA offers to members who cannot perform their essential job duties due to an incapacitating injury or illness. If your disability was caused by your job, the Board of Retirement could award you a service-connected disability retirement. If your job was not involved, a nonservice-connected disability retirement would apply. In either case, you would receive benefit payments for life.

In addition to your monthly benefit—whether based on service or disability—VCERA offers a vested supplemental benefit of \$108.44 per month to eligible retirees, payable for life.



## Retirement Income for SOMEONE ELSE

After your death, you may be able to pass on a portion of your monthly retirement benefit to an eligible surviving spouse or registered domestic partner.<sup>2</sup> Depending on the retirement option you elect when you retire, that eligible beneficiary could receive a continuance of your benefit—up to 100 percent—for the remainder of his or her life. This would include annual COLA increases and/or monthly supplemental benefits you received while alive.

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<sup>2</sup> If you do not have an eligible spouse or registered domestic partner, you could name a minor child(ren) who meets all eligibility requirements.

# Which is my Benefit Tier?

## Benefit Tiers and Formulas

Upon hire, VCERA assigns every member a retirement benefit tier based on their membership type, date of hire and/or bargaining group. Each tier has a corresponding benefit formula, which refers to how a member's monthly benefit is calculated.

For example, the General Tier 8 formula ("2% at age 62") could be described as follows: *A Tier 8 member who retired at age 62 would receive 2% of his or her final compensation for every year of service credit accrued.*

New employees hired on or after January 1, 2013<sup>4</sup> will be placed in a PEPPRA tier: Safety Tier 7, General Tier 6 (no COLA) or General Tier 8 (with COLA). VCERA's benefit tiers, formulas and eligibilities are:



BENEFIT TIER	FORMULA	ELIGIBILITY
Safety Tier 1	"2% at age 50"	Safety members hired prior to 2013 (Legacy)
Safety Tier 7	"2.7% at age 57"	Safety members hired on or after January 1, 2013 (PEPPRA)
General Tier 1	"2.35% at age 62"	General members hired prior to June 30, 1979 as well as designated County executives (Legacy)
General Tier 2	"2.1% at age 62"	General members hired between June 30, 1979 and December 31, 2012 (Legacy)
General Tiers 6 & 8	"2% at age 62"	General members hired on or after January 1, 2013 (PEPPRA)

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<sup>4</sup> To be precise, the PEPPRA designation refers to new employees hired on or after January 1, 2013 who are not eligible for reciprocity by virtue of employment with a reciprocal employer prior to 2013. This definition applies to subsequent PEPPRA references.

# How Much Do I Pay?



## Member Contributions

As a VCERA member, you will make retirement contributions throughout your career, unless your employee bargaining agreement states differently. Although contributions do not impact the calculation of your future retirement benefit, they are an essential funding source for the retirement system.

Retirement contributions are deducted from your pay on a pre-tax basis<sup>5</sup> and credited to your VCERA account every biweekly pay period. Your exact contribution amount will depend on your actuarially determined contribution rate and your total retirement earnings—base salary plus qualifying pay items<sup>6</sup>—each pay period. As those earnings increase with time, so too will your biweekly contribution to VCERA. If you accidentally miss a contribution, VCERA will contact you to repay the funds.

## Contributions ≠ Future Benefit

Remember, your biweekly contributions to VCERA *do not* affect how your pension will be calculated. As a defined benefit plan, your benefit calculation will be based on a formula defined by law that takes into account certain factors. Your contribution balance is not among them.

## Employer Contributions

It's not just you, the member, who pays contributions. The County and participating districts also contribute each pay period (at higher rates) to help fund your retirement benefits. However, employer contributions are not assigned to individual member accounts, nor are they refundable to members.

## Interest Crediting

VCERA will credit interest to your account semiannually on June 30 and December 31, provided your contributions were on deposit as of the last interest-crediting date. Along with your contribution balance, all posted interest is immediately vested and available to withdraw if you terminate employment.

<sup>5</sup> Court employees pay post-tax contributions.

<sup>6</sup> This pay is referred to as "compensation earnable" for Legacy members and "pensionable compensation" for PEPRAs members.

# When Can I Retire?

## Eligibility Requirements

You can file for retirement once you meet the minimum age and service requirements of your benefit tier:

BENEFIT TIER	RETIREMENT AGE	RETIREMENT SERVICE CREDIT	OR ...
Safety Tier 1	50	10 years	20 years of service credit, regardless of age; or age 70, regardless of service credit
Safety Tier 7 (PEPRA)	50	5 years	20 years of service credit, regardless of age; or age 70, regardless of service credit
General Tiers 1 & 2	50	10 years	30 years of service credit, regardless of age; or age 70, regardless of service credit
General Tiers 6 & 8 (PEPRA)	52	5 years	30 years of service credit, regardless of age; or age 70, regardless of service credit

## Mandatory Retirement Age

If you terminate employment and elect to defer your retirement, you must retire no later than April 1 of the year after you reach age 72, unless you are actively employed by a government entity that has reciprocity with VCERA.

# How Much Will My Pension Be?

## Calculation Factors

Your future pension is impossible to accurately calculate today because the factors used to calculate it will change as your career advances. By law, the calculation of your monthly benefit will incorporate the following factors:

- 1. Age at retirement.** Your age as of your retirement date, rounded down to the nearest quarter-year.
- 2. Years of retirement service credit.** Your total years of service in VCERA, earned by working and purchased.
- 3. Final average monthly compensation (FAC).** Your highest 12 or 36 consecutive months of pensionable earnings (12 months for Safety Tier 1 and General Tier 1; 36 months for all other tiers).
- 4. Retirement benefit tier.** Your tier assigned by membership type, date of hire and/or employee bargaining group.

## Maximizing Your Benefit

As you plan for retirement, here are a few things to consider with regard to your future VCERA pension:

- 1. Your next age factor.** Your benefit will increase every quarter year older you are, up to age 55 for Safety Tier 1, age 57 for Safety Tier 7 (PEPRA), age 65 for General Tiers 1 & 2, and age 67 for General Tiers 6 & 8 (PEPRA). Consider timing your retirement to reach the next age factor.
- 2. Purchasable service.** Besides working longer, you can purchase eligible prior service: redeposit, unpaid personal medical leave, “excluded service” (i.e., Extra-Help and pre-membership), and prior public service. Eligibility requirements will apply.
- 3. Your final average compensation.** Your benefit will be based on your FAC, so consider the base pay and other pay items that may fall within your FAC period.
- 4. Annual COLA eligibility.** VCERA pays a cost-of-living adjustment each April. To qualify for your first COLA, you must retire by April 1 of that year and be a Safety member or a General member with SEIU-represented service on or after 3/16/2003. If you retire after April 1, you must wait until the next year to qualify.





# What Happens If I ...

## Get Married?

If you marry or register a domestic partnership in California, you may need to update your legal name and beneficiary designation. It is important to keep this information current because it could affect the payment of death benefits to your loved one when you pass away.

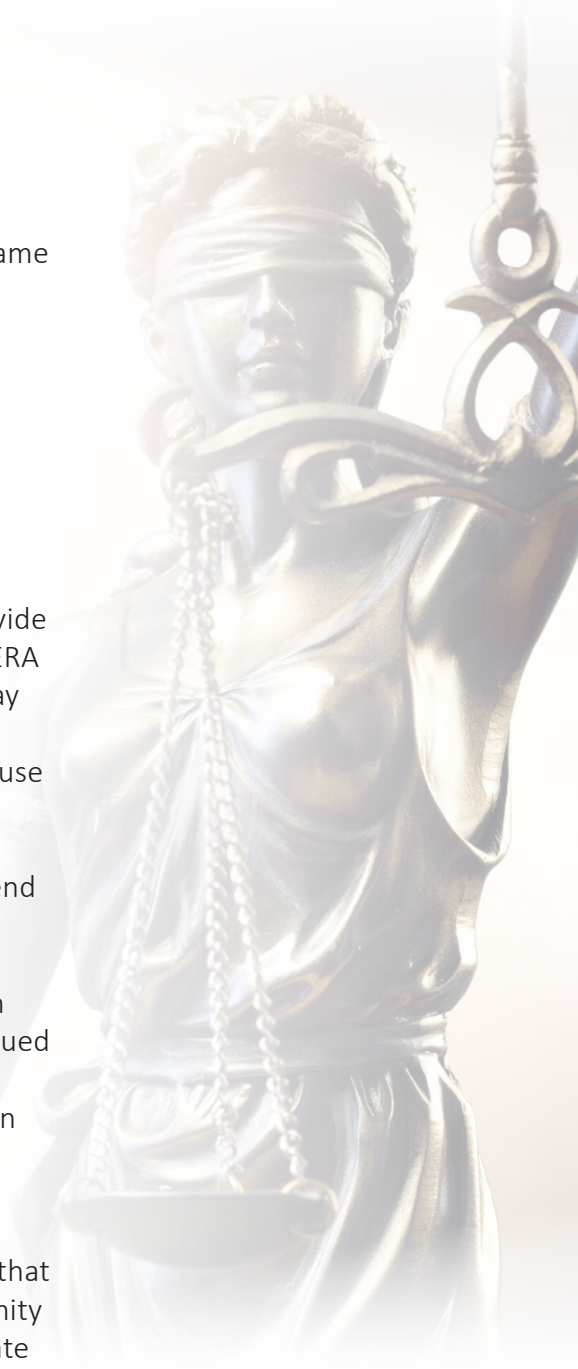
To update your *name*, please submit a change request to your department's payroll person. Your employer will transmit your new name to VCERA soon after. To update your *beneficiary*, please complete and return a Beneficiary Designation Form to VCERA along with any legal documentation showing the new relationship status. The beneficiary form can be obtained at [www.vcera.org](http://www.vcera.org) and in the VCERA office.

## Get Divorced?

Your former spouse may have a community property interest in the VCERA benefits you earned while married. A family law court will provide direction on how these retirement benefits shall be divided. If so, VCERA requires a court-filed *Domestic Relations Order (DRO)* to divide and pay benefits. VCERA cannot process your retirement or refund application without a valid DRO on file. You (or your attorney) are encouraged to use VCERA's sample DROs.

VCERA's procedure for resolving community property claims will depend on whether your DRO orders you and your former spouse to share a benefit, which is uncommon, or whether your VCERA account will be split into two separate accounts. If separate accounts are required, an agreed-upon percentage of your contributions and service credit accrued during the marriage will be transferred to your former spouse's new VCERA account. If you are vested in VCERA as of the marital separation date, your former spouse also may be entitled to a lifetime pension in the future.

At your request, VCERA can perform a *community property valuation* that lists the service credit and contributions accrued during your community property period; it will also show your earliest available retirement date and estimated monthly benefit amount(s).





# What Happens If I ...

## Terminate Employment?

If you leave employment, VCERA will mail you a disposition form so you can decide what to do with your retirement contributions. You will have four options:

1. **Apply for retirement**, if eligible.
2. **Leave your funds on deposit** until you are eligible to retire (or you choose to withdraw them). If you are vested in VCERA, you can defer your retirement.
3. **Establish reciprocity** with a qualifying retirement system. You must leave your contributions on deposit.
4. **Withdraw your funds:**
  - Refund: lump-sum return of contributions, less a 20% withholding of the taxable portion of your distribution (if \$200 or more) for federal taxes.
  - Rollover: lump-sum, untaxed transfer of contributions to a qualified retirement plan.

### Leave Funds on Deposit

If you are vested, you can defer your retirement until you are eligible to retire.

### Withdraw Funds

By withdrawing your contributions, you will sever membership and forfeit all claims to VCERA benefits.

## Die Before Retiring?

If you die as an active member of VCERA, the benefits payable will depend primarily on whether your death was related to your job.

A **nonservice-connected death** will provide your beneficiary with, minimally, a lump-sum payment of your retirement contribution balance plus one month of salary for each completed year of retirement service credit (up to six months' salary). If you were vested at the time of death, a monthly retirement benefit, payable throughout your beneficiary's lifetime, also could apply.

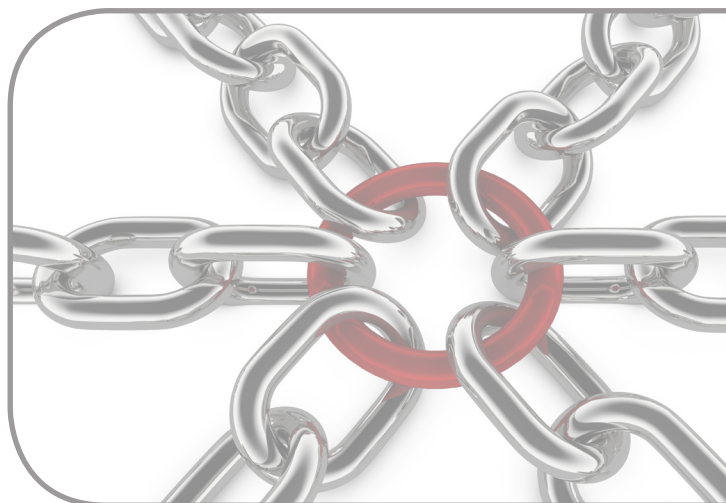
A **service-connected death** will provide your beneficiary with a monthly retirement benefit, payable for life. Additional benefits may be due for a performance-of-duty death.

Some “**What Happens If I ...**” topics are complex and may require further explanation or member counseling. Please contact VCERA or visit [www.vcera.org](http://www.vcera.org) for additional information.

# What Else Should I Know?

## Reciprocity

Reciprocity is an agreement between qualifying retirement systems in California that allows you to move from one public agency to another without jeopardizing your earned retirement benefits. By establishing reciprocity, you could realize certain advantages in the new system, such as having a lower entry age, qualifying for a better benefit tier, and continuing to accrue service credit to meet vesting and retirement eligibilities. Lastly, all reciprocal systems will use your highest retirement earnings in any agency when calculating your pension in each system. Certain rules and restrictions will apply.



## Compensation Limits

For Legacy members, the *compensation earnable* cap in 2021 is \$290,000, which is the amount considered when determining monthly benefits paid by VCERA and employee contributions paid by members.

For PEPRAs members, the *pensionable compensation* cap in 2021 is \$128,059 if you participate in Social Security (General members) and \$153,671 if you do not participate in Social Security (Safety members).

PENSIONABLE EARNINGS BY LEGACY OR PEPRAS STATUS	2021	2020
Legacy: Compensation Earnable	\$290,000	\$285,000
PEPRA: Pensionable Compensation	\$128,059(General) \$153,671 (Safety)	\$126,291(General) \$151,549 (Safety)

# Member Resources

## Member Portal

The VCERA Member Portal is a password-protected, self-service web portal where you can conveniently view key elements of your retirement account and run benefit estimates. If you have not already registered, enroll today at <https://members.vcera.org>.



## Website

The VCERA website [www.vcera.org](http://www.vcera.org) contains valuable information about VCERA membership, retirement benefits, retirement planning, member services, financial reporting, the Board of Retirement and much more. Topical publications are also provided to assist in your decision-making.



## Retirement Presentations

To educate and assist you in your retirement planning, VCERA participates in monthly New Employee Orientations and quarterly retirement workshops in which VCERA presents an overview of membership, eligibility requirements, benefit calculation factors and planning ideas. The PowerPoint slides for both presentations are available at [www.vcera.org](http://www.vcera.org).



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