ORANGE COUNTY
OCERS
EMPLOYEES RETIREMENT SYSTEM

A Guide to Your Retirement Plan Benefits

Orange County Employees Retirement System
Summary Plan Description

Plans E & F Safety Members
(3 % @ 50)

Revised 09/11

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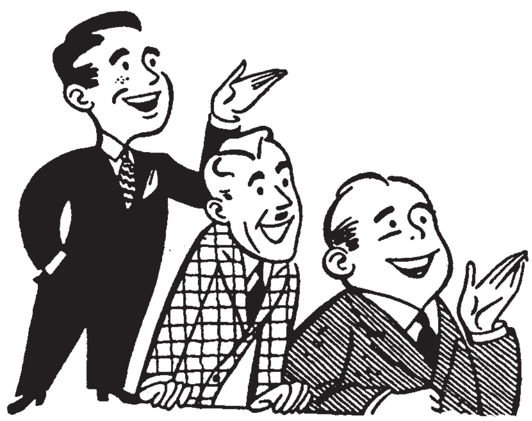

Welcome to the Orange County Employees Retirement System

The Orange County Employees Retirement System (OCERS) provides retirement benefits for employees of the County and certain districts. While you are an active member, both you and/or your employer make mandatory contributions to the Retirement System. When you retire, you may receive a monthly allowance that is based on the Plan Type adopted by your agency, age at retirement, average monthly earnings, and years of service. A survivor or death benefit may be available to your spouse or other designated beneficiary. In addition, disability benefits are available if you meet the eligibility requirements. As you read your new SPD, we encourage you to refer to the Key Terms section to help you better understand this important document.

This Summary Plan Description (SPD) applies to Safety Members in Plans E & F. It reflects the System provisions in effect as of January 1, 2010.

Membership in the Retirement System is mandatory for all eligible employees. It is, however, optional for elected officials.

Who is OCERS?

For more than 60 years OCERS has been providing retirement, death and disability benefits to employees of the County and certain districts. OCERS currently serves approximately 28,000 active and deferred members and 12,000 retired members. OCERS is governed by a Board of Retirement consisting of nine regular members and one alternate member (the County Treasurer, four active elected members, four appointed members and one elected retiree).

Our mission statement

The role of the Orange County Employees Retirement System is to provide secure retirement and disability benefits, quality information concerning those benefits, and prompt, professional and courteous service that meets the highest standards of excellence. In carrying out that role, the Board of Retirement and staff are committed to act for the exclusive benefit of the plan and its participants, manage assets of the plan prudently, and administer benefits with impartiality.

Contact information

For the most up-to-date information about OCERS, log on at: **www.ocers.org** or call Member Services at (714) 558-6200 or toll-free at (888) 570-6277.

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Membership and contribution information

Who is eligible?

You automatically become a member of the Retirement System on the date you commence employment in an eligible position.

You are in an eligible position if you are employed by a participating agency as one of the following:

- A full-time employee
  or
- A part-time employee scheduled to work 20 hours per week or more
  or
- A limited term full-time employee
  or
- A limited term employee scheduled to work 20 hours per week or more

All other employees are ineligible for membership. These include part-time employees scheduled to work less than 20 hours per week, extra-help, and contract employees.

Members are asked to designate a beneficiary upon employment, and update the designation when changes such as birth, death, marriage or divorce occur. A beneficiary is a person that you (the member) name in writing to receive certain benefits provided by the plan upon your death. For certain death benefits your Eligible Spouse or Qualified Domestic Partner must be listed at the time of your death.

Plans E & F service retirement benefit formulas

Your service retirement benefits are based on your Plan Type, years of service, age at retirement and Final Average Salary.

Visit **www.ocers.org** and use the Benefits Calculator to get an estimate of your retirement allowance. OCERS' Benefits Calculator will calculate your estimated retirement allowance in accordance with the benefit formula adopted by your employer.

Plan not integrated with Social Security

As a member of the Retirement System, you neither contribute toward, nor receive credit for, the Federal Old Age Survivors and Disability Insurance program (Social Security) during your service under OCERS. If you worked for another employer who does participate in Social Security, you may find at retirement that you had enough service with that employer to qualify for Social Security benefits. In that case, your benefit from Social Security may be reduced to comply with federal law. Contact Social Security for more information on any possible offset.

If you were hired after March 31, 1986, you must participate in the Medicare portion of Social Security. Members hired on or before that date do not contribute to Medicare.

Maximum benefit limits

The Orange County Employees Retirement System is considered a "qualified" plan under federal tax laws. Federal tax laws set limits on the amount of benefits you can receive from a qualified plan. If you became a member of the System on or after January 1, 1990, you will be subject to limitations outlined in sections of the Internal Revenue Code, including Section 415 limits. You may also be affected should plan enhancements be adopted. These limits may affect certain highly paid or long-service members, certain members receiving disability benefits, or certain beneficiaries receiving survivor benefits. If the limits affect your benefits, you will be notified by Member Services. For those members who are affected by the limit, you will still receive your total retirement allowance, but some of it will be paid by OCERS and some will be paid through a replacement benefit plan established by your employer. There is also a limit on the amount of compensation OCERS can consider when calculating a member's Final Average Salary.

The maximum monthly allowance you can receive cannot exceed 100% of your Final Average Salary. For more information on benefit limits please go to the Member Information section of OCERS' Web site and click on the Tax Law button.

Your contributions to the system

Employee contributions to the retirement system are mandatory. Your employer has elected to have your contributions made on a pretax basis. This means that the money is taken out of your pay before taxes have been deducted. The result is that you lower your current taxable income, which in turn lowers the amount of taxes you have to pay.

You contribute a percentage of your pay each pay period through automatic payroll deductions ***(in some cases, all or part of employee contributions may be paid by your employer).*** Your contribution rate depends on:

- The Plan Type chosen by your employer
- Your nearest age within six months of when you become a member of OCERS

Example of age at hiring date:
John Smith, age 30, is hired on July 1, 1995. His birthday is September 1, 1964. Because his hire date is less than six months before his next birthday, his entry age is 31. Had his birthday been January 1, 1965, his entry age would have been 30.

PLEASE NOTE: Contributions may not be withdrawn or borrowed against while you are an active member of OCERS.

In addition, if you were a member of OCERS on March 7, 1973 and remained a member until accruing 30 years of service, your contributions will no longer be required. Reciprocal service counts toward the 30 year accrual.

If you weren't a member on March 7, 1973, you may still qualify to have your contributions stopped if you have accrued 30 years of continuous OCERS service. Reciprocal service does not count towards this accrual.

Employer contributions to the System

In addition to your contributions, your employer also makes a mandatory contribution each payroll period to the Retirement System. The combination of member and employer contributions and investment earnings pays for the benefits you receive from the Retirement System.

Employer contributions do not accrue directly to your account and will not be paid to you if you terminate employment and withdraw your funds from OCERS.

How your account earns interest

Interest is credited to your account on June 30 and December 31 of each year. The interest is earned based on your contribution balance of the previous six months. The rate of interest is determined by the Retirement Board and is currently 2.5 percent per interest posting period.

Fund investments

All contributions, both yours and your employer's, are deposited in the Retirement Fund. Investments of these contributions are made in conformance with the California Constitution, state law, and Board of Retirement policy.

Service

Earning Service Credit

Service Credit is earned based on your hours worked as an OCERS member, which are then converted to years.

In general, "service" means uninterrupted employment. However, the following are not considered breaks in the continuity of your service:

- A temporary layoff because of illness followed by reinstatement or re-employment within one year.
- A temporary layoff for purposes of economy, suspension, or dismissal followed by reinstatement or re-employment within one year.
- A leave of absence followed by re-employment within one year.
- A resignation to enter military service followed by re-employment within six months after honorable termination of such military service. Upon the member's return to active employment OCERS will collect contributions that should have been made during the period of absence during military service.
- A resignation of a member who has elected Deferred Retirement followed by re-employment before the withdrawal of any accumulated contributions.
- The redeposit of accumulated contributions upon re-entrance into service.

How to purchase Service Credit

OCERS permits you to purchase Service Credit for certain periods. If you wish to purchase Service Credit, contact Member Services and ask for the form "Request to Purchase Service Credit," or download the form at OCERS' Web site. The following periods may be purchased provided the service meets the necessary requirements:

- Service with the County or other participating employer prior to membership during which time you were not eligible to be a member (Extra Help).
- Leave of absence due to illness occurring on or after January 1, 1978, limited to 12 consecutive months for each occurrence, if you return to service after your leave.
- Public Service, which is other eligible public service with the State of California, a county or city located in California or any district located wholly or partially within

Orange County. To qualify, you cannot be entitled to receive a pension or retirement benefit due to your prior public service. In the case of Public Service purchase, you may purchase a portion or all of the service credit. Please be aware though, Public Service time does not count toward meeting the *minimum* qualifications for service retirement, deferred retirement, disability retirement or survivor benefits.

How to redeposit withdrawn contributions from OCERS

If you wish to redeposit withdrawn OCERS contributions, contact Member Services and request a "Request to Purchase Service Credit" form or download the form at OCERS' Web site.

If you are rehired by an employer participating in OCERS and have withdrawn your contributions plus interest, keep the following in mind:

- If you had been temporarily laid off and are reinstated to employment within 90 days and you repay your contributions plus interest within 180 days of reinstatement, your years of Service Credit are restored and original entrance age will be reinstated as if there was no break in service.

- If you are unable to redeposit your contributions as described above, you will still be permitted to repay your contributions plus interest at any time prior to filing an application for retirement to have your years of Service Credit reinstated.

- You can repay your contributions by redepositing the total amount withdrawn plus the interest your account would have earned during the period that you were not a member. Interest will continue to be charged on the unpaid balance until your total balance is fully repaid.

- If you have withdrawn multiple periods of prior OCERS service, all periods must be redeposited in order to receive service credit. If you do not redeposit all of your previously withdrawn contributions plus interest, you will not have your years of Service Credit reinstated and the amount you have paid will be refunded to you.

Please note, with the exception of the first bullet above, for purposes of calculating your contribution rate, your age will be based on your age at re-entry into employment.

Payment Options for purchasing Service Credit or redepositing withdrawn OCERS contributions

There are four options to choose from to purchase Service Credit/Redeposit Withdrawn OCERS service:

Lump Sum Payment – you may submit a personal check payable to OCERS. This is an after-tax payment.

Installment Payments – you can make payments directly to OCERS by submitting personal checks. This also is an after-tax payment and interest will apply.

Payroll Deductions – (If available through your employer) you can authorize payroll deductions to pay the total amount due. Any payroll deductions you make are considered pre-tax. If you select this option, it is irrevocable. You cannot change the amount of your payroll deduction until you complete the redeposit/purchase or terminate your employment. Interest will also apply.

(Please note: As of publication of this document some employers do not authorize payroll deductions.)

Rollover from a tax qualified plan – you may be able to use qualified IRA or deferred compensation monies. This will be pre-tax money.

- **Your Service Credit will be added to your retirement account only after the total amount due has been paid.**

- **Purchases of service or redeposits do NOT affect any other employer benefit or employment status.**

If you have service as both a General and a Safety Member

If you have held positions under OCERS as both a General and a Safety Member, special rules apply. For purposes of determining the *amount* of your benefit, you will receive benefits calculated under the provisions for General Members using your years of Service Credit as a General Member and under the provisions for Safety Members using your years of Service Credit as a Safety Member. For purposes of determining your *eligibility* to receive a benefit, your Service Credit under both General and Safety membership will be combined. You can begin to receive your Service Retirement allowance after you retire from a position held under OCERS *and* after you meet the requirements for the position you occupy at the time of retirement.

Reciprocal benefits

Reciprocal benefits are designed to allow employees who transfer between retirement systems to preserve and enhance their total retirement benefits. Upon retirement from all reciprocal retirement systems, the benefits are coordinated between OCERS and the other systems.

Reciprocity is established for members who terminate employment with an OCERS covered employer, leave their funds on deposit with OCERS, and enter a reciprocal retirement system within 180 days. Reciprocity is also established for members who terminate from an employer covered by a reciprocal agency, leave their funds on deposit with that reciprocal agency, and enter OCERS membership within 180 days.

Please note, if you have funds on deposit in a reciprocal system after terminating from employment covered by such system, and you become an OCERS member within 180 days of termination, reciprocity has automatically been established.

Once reciprocity is established and has been verified, the following applies:

- A member, who leaves his or her funds on deposit with OCERS and transfers to a reciprocal system, cannot withdraw his or her funds while still a member of the reciprocal system.
- The member's entry age, which affects the contribution rate, will be based upon the age at entry into the first system.
- Service under all reciprocal retirement systems will count toward eligibility for retirement or survivor benefits.
- Upon concurrent retirement from all reciprocal systems, the member will have the ability to use salary figures from any of these systems to calculate their Final Average Salary in OCERS.
- The member will be subject to restrictions on the amount of disability retirement benefits from OCERS, if applicable.

Please be aware that the reciprocal system you transfer to or from may have different requirements for qualification and payment of benefits than OCERS. You should become familiar with the benefits of any reciprocal agency you enter.

Please be aware that reciprocal members who are granted a disability retirement in OCERS may be subject to an offset of their retirement allowance.

Systems having reciprocity with OCERS:

Alameda	San Bernardino
Contra Costa	San Diego
Fresno	San Joaquin
Imperial	San Mateo
Kern	Santa Barbara
Los Angeles	Sonoma
Marin	Stanislaus
Mendocino	Tulare
Merced	Ventura
Sacramento	

California Public Employees' Retirement System (CalPERS) and most agencies that have established reciprocity with CalPERS

California State Teachers' Retirement System (CalSTRS)
California State Teachers' Retirement System Defined Benefit Plan

Judges Retirement System (JRS I and JRS II)

For additional information, get OCERS' "Reciprocity: A Guide for Reciprocal Benefits" brochure online or at OCERS' office. For more information on any of the Reciprocal Systems, visit OCERS' Web site at: **www.ocers.org**.

Termination from OCERS covered employment

If you terminate employment in a job covered by OCERS you may still be eligible for benefits from OCERS. You may leave your member contributions on deposit with the System and then you may become eligible to elect a retirement benefit from OCERS. This is called a "Deferred Retirement Allowance." If you leave your money on deposit your account continues to earn interest.

Deferred Retirement

To qualify for a Deferred Retirement Allowance, you must leave your money on deposit when you terminate employment.

You need to inform us when you change your address, name, or want to name a new beneficiary.

You may rescind your election at any time and withdraw your member contributions, (unless you entered a reciprocal system or have started to receive a deferred retirement allowance) but you will no longer be eligible for a Deferred Retirement Allowance.

Eligibility for a Deferred Retirement Allowance

If you had five years of service or more when you deferred, or you have sufficient reciprocal service you will be eligible to begin receiving your Deferred Retirement Allowance when you are:

- Age 50 or over and would have had 10 or more years of service had you remained a full-time employee; or
- Any age and would have had 20 or more years of service had you remained a full-time employee; or
- A part-time employee age 55 or older and would have had 5 years or more of Service Credit and at least 10 years of active employment with an employer covered by OCERS; or
- Age 70 or over, regardless of your years of service.

Reciprocal service may be used to meet these requirements. Please refer to "Reciprocal Benefits" on page nine for more information.

If you had less than five years of service when you deferred and you don't have sufficient reciprocal service, you can either wait until age 70 to receive a deferred retirement or receive a lump sum payment consisting of your accumulated member contributions and interest.

How your Deferred Retirement Allowance is calculated

The monthly allowance you will receive is based on four items:

- Plan Type
- Years of Service Credit at termination
- Final Average Salary
- A factor based on your age at retirement

Visit **www.ocers.org** and use our online Benefits Calculator to get a fast estimate of your retirement allowance based on your Plan Type, Years of Service Credit, Final Average Salary, and Age Factor.

Payments under a Deferred Retirement Allowance are not automatic, nor will you be guaranteed negotiated benefit enhancements. You must apply for benefits before monthly payments can begin.

Minimum distributions

If you are a deferred member of our system, you are not an active member of a reciprocal retirement system, and you have not applied for a deferred retirement allowance by the age of 70 ½, OCERS is required to process your retirement. OCERS will contact you by letter at the time you turn 70 and remind you that you need to apply for a retirement benefit. If you fail to do so by the time you reach age 70 ½, OCERS is required to process your retirement as if you had chosen our Unmodified Option and begin paying you a retirement allowance.

Withdrawal of contributions

In lieu of a deferred allowance, you may withdraw your member contributions with interest upon your termination. **However, if you withdraw your contributions, you will no longer be eligible for any benefits from the System** (including any disability benefits you might have been eligible to receive due to an illness or injury that occurred while you were employed under a position covered by OCERS). You need to be aware that any contributions you withdraw from the System may be subject to state and federal income taxes, as well as to excise taxes for early withdrawal, unless you roll over your distribution into another qualified plan or an Individual Retirement Account (IRA). Please see the sections *"Early Distributions"* and *"Rollovers"* for more information.

To apply for a withdrawal, please contact Member Services and ask for the form, "Request to Withdraw Contributions/Make Direct Transfer." You can also download the form at **www.ocers.org**.

Important Tax Consequences of a Distribution

When considering any of the three distributions discussed below, OCERS strongly encourages you to seek qualified tax and/or legal advice. OCERS cannot provide you with such advice.

Early distributions

If you receive a lump sum distribution of your pre-tax member contribution account from the System before the minimum age for federal and state requirements, and you do not roll it over into another qualified plan or an Individual Retirement Account (IRA) you will be required to pay income taxes on the taxable portion of your lump sum distribution from OCERS. Additionally, you may have to pay excise tax penalties.

Rollovers

You may defer the taxes if you "roll over" the taxable portion of your lump sum distribution. The taxable portion includes member contributions that were contributed on a pre-tax basis and all accrued interest.

A check will be mailed to you, but will be made payable to another employer's qualified retirement plan or to an IRA. Because the payment is not payable to you, no federal or state tax withholding requirements should apply to your distribution.

Partial Rollover

You may elect a combination of a partial withdrawal and a partial rollover. That is, you can withdraw a portion of your contributions (which are presently subject to federal and state income taxes and applicable excise penalties if you receive an early distribution) and direct transfer and/or roll over the remainder of the untaxed funds.

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When you are ready to retire.....

Contact Member Services to schedule an appointment with a Retirement Program Specialist. Or, you may apply for your allowance by requesting the necessary forms from Member Services and completing and returning them by mail.

- At the time you apply, you must provide an original or certified copy of your birth certificate. The Retirement Program Specialist can certify the original document and return it to you. If you do not have a copy of your birth certificate, one of the following may be acceptable, depending on your situation:

    Census Bureau Registration of Birth
    Hospital birth record or certificate
    Physician or Midwife birth record
    Naturalization and/or Immigration documents
    DD214 (Military Discharge)
    Valid Passport
    School records
    Life insurance policy
    Marriage records

- If you are married or registered as a Qualified Domestic Partner, you must also supply an original or certified copy of your spouse's or Qualified Domestic Partner's birth certificate (or one of the documents listed above), your marriage certificate or Qualified Domestic Partnership registration, and your spouse's or Qualified Domestic Partner's Social Security number.

Failure to provide the required documents in a timely manner will delay payment of your benefits.

You cannot file the forms any earlier than 60 days before your retirement date. The application is void if older than 60 days.

Your Service Retirement will become effective following the last day for which you were compensated or the date of receipt of your completed application, whichever comes later.

For Example:
If your last day of compensation is May 31 then the effective date of retirement will be June 1 assuming you filed an application on June 1 or before.

Your monthly retirement allowance will be electronically transferred to the financial institution of your choice on the first business day of each month.

Please note: It may be approximately 6-8 weeks before you receive your first retirement payment. Member Services must wait for your employer to process all the necessary and related documents.

Retirement Benefits

Service retirement Eligibility

As an active member, you are eligible for a service retirement allowance when you meet the minimum age and service credit requirements listed below.

- Any part-time or full-time member age 50 or over with 10 or more years of service
- Any age with 20 or more years of service
- Age 70 or over, regardless of your years of service
- A part-time employee age 55 or older with 5 or more years of Service Credit and at least 10 years of active employment with an employer covered by OCERS

The four components of your Service Retirement Allowance

The amount of your monthly Service Retirement Allowance is computed based on these four components:

- Plan Type *
- Years of Service Credit *
- Final Average Salary
- A factor based on your age at retirement

* **If you have Service Credits under multiple Plan Types (such as General, 2% @ 50 and/or 3% @ 50) you will need to utilize the Split Service Benefits Calculator on OCERS' Web site.**

The maximum monthly allowance you can receive cannot exceed 100% of your Final Average Salary.

For a quick and easy calculation, visit www.ocers.org and click on the Benefits Calculator. For a personalized estimate, enroll at our online Member Information Center.

How your Final Average Salary is calculated

Your Final Average Salary includes your base pay and may also include compensation for bonuses, educational incentive pay, shift differentials, FLSA premium pay (applies only to Firefighters employed by the Orange County Fire Authority regularly scheduled to work a 56-hour average week), uniform allowance, automobile allowance, and bilingual pay. Additional items may apply.

Plan E Members

If you are a Plan E member, your Final Average Salary is calculated by taking the sum of your highest consecutive 12 months of compensation earnable and dividing it by 12.

Plan F Members

If you are a Plan F member, your Final Average Salary is calculated by taking the sum of your highest consecutive 36 months of compensation earnable and dividing it by 36.

Age factor

Your monthly Service Retirement Allowance will be calculated using a factor based on your age at retirement. For retirement before age 41, the age factor will be adjusted further.

For a quick and easy calculation, visit www.ocers.org and click on the Benefits Calculator.

Your retirement payment options

There are several important factors to consider before selecting your retirement option:

- The Unmodified Option provides you with the maximum Service Retirement Allowance available to you. If you select options 1-4, then you will receive a reduced lifetime monthly allowance. The Unmodified Option has certain restrictions regarding the payment of a survivor's allowance upon your death.

- With options 2, 3 and 4, you cannot change your designated beneficiary after you have started receiving your monthly Retirement Allowance.

- In addition, because of community property laws in the State of California, your spouse, ex-spouse, your Qualified Domestic Partner or Ex-Qualified Domestic Partner may have certain rights that supersede those of other designated beneficiaries.

- Benefit payment options are irrevocable after receipt of your first retirement payment.

Note: Each option provides you with a monthly lifetime benefit.

The Unmodified Option

This option provides you with the maximum Retirement Allowance available to you. It also provides for a continuation of 60 percent of your allowance to your Eligible Spouse, Qualified Domestic Partner or Eligible Child upon your death. This continuance is restricted to your Eligible Spouse, Qualified Domestic Partner or Eligible Child only, and cannot be paid to a trust.

- There are two ways for your spouse or Qualified Domestic Partner to qualify for a continuance under the Unmodified Option:

1. Your spouse or registered domestic partner is considered an Eligible Spouse or Qualified Domestic Partner if you have been married or registered as a Qualified Domestic Partner at least one year prior to your date of retirement and you remain continuously married to that spouse or registered to that domestic partner up to the time of your death. If you divorce that spouse or domestic partner after retirement and later remarry that same spouse or reregister with that same domestic partner, he or she would not qualify as an Eligible Spouse or Qualified Domestic Partner unless he or she would qualify under paragraph 2 below.

OR

2. Your spouse or registered domestic partner is considered an Eligible Spouse or Qualified Domestic Partner if you have been continuously married or registered as a Qualified Domestic Partner at least two years prior to the date of your death and are married to that spouse or registered to that Qualified Domestic Partner at the time of your death, and your spouse or Qualified Domestic Partner is at least 55 years old.

If you do not have an Eligible Spouse or Qualified Domestic Partner, the 60 percent continuance may be paid to your Eligible Child upon your death.

- An Eligible Child is an unmarried child under the age of 18, or an unmarried full-time student under the age of 22 (this includes adopted children).

If you do not have an Eligible Spouse, Qualified Domestic Partner or Eligible Child at the time of your death, your designated beneficiary will receive a lump sum refund of any of your remaining member contributions. Under the Unmodified option, you may change your designated beneficiary at any time, but that will not affect the 60 percent continuance payable to an Eligible Spouse, Qualified Domestic Partner or Eligible Child.

Other payment options

You may choose one of the following forms of payment in place of the Unmodified Option. These options reduce your Retirement Allowance to provide benefits for your survivors/beneficiary(ies) upon your death. These options may be appropriate for a prospective retiree with a beneficiary who does not qualify for a continuance allowance under the Unmodified Retirement Option, or for a member with a short life expectancy.

Note: A trust cannot be named as a beneficiary to receive a continuance allowance.

Option 1
Cash refund annuity

You will receive a reduced monthly allowance until your death. At the time of your death, your designated beneficiary will receive a refund of any of the remaining member contributions in your account. Under this option, you may change your designated beneficiary at any time.

Option 2
100 percent joint and survivor annuity

You will receive a reduced monthly allowance until your death. At the time of your death, your designated beneficiary will receive the same monthly allowance for the remainder of his or her lifetime. You cannot change your designated beneficiary after you have started receiving your monthly Retirement Allowance. **Please note** that pursuant to IRS regulations, any named beneficiary who is not your spouse and who is more than 10 years younger than you will receive less than 100% as a future continuance. The continuance percentage will be actuarially determined at the time of your retirement.

Option 3
50 percent joint and survivor annuity

You will receive a reduced monthly allowance until your death. At the time of your death, your designated beneficiary will receive half of your monthly allowance for the remainder of his or her lifetime. You cannot change your designated beneficiary after you have started receiving your monthly Retirement Allowance.

Option 4

Under option 4 you may have multiple designated beneficiaries and may select other survivor payment percentages if approved in advance by the Retirement Board. OCERS will request an actuarial study and bring the results and your request before the Board of Retirement before this option is approved. You cannot change your designated beneficiary after you have started receiving your monthly Retirement Allowance.

For more information, read the "Retirement Payment Options" brochure at www.ocers.org.

Cost-Of-Living Adjustment for retirees

Your monthly allowance will be adjusted annually in accordance with changes in the cost-of-living, as determined by the average annual change in the Consumer Price Index (CPI) for the prior calendar year. The cost-of-living adjustment (COLA) is limited to a maximum annual increase or decrease of 3 percent per year as set by the Board of Retirement. The COLA is effective April 1. **The adjustment will appear on your May 1 payment.**

If there is an increase in the CPI of more than 3 percent for any year, the excess cost-of-living adjustment is accumulated or "banked." It may be applied to a future year in which the change is less than 3 percent. If the change in the CPI is negative, OCERS would first look to subtract from your "COLA bank" and then reduce any COLA amount a member is already receiving to a maximum of 3 percent. Your retirement allowance will never be decreased below the original benefit amount granted at retirement.

Nonassignment of benefits

Neither you nor your beneficiary may assign or transfer amounts payable under the Retirement Plan. The plan is, however, required to comply with Internal Revenue Service (IRS) tax levies and court-issued Domestic Relations Orders (DROs), as well as child support and spousal support orders.

How to request an appeal for benefit claims

If you disagree with OCERS' staff decision regarding the amount of your benefit, effective date or any other administrative decision affecting a benefit payment (other than a disability retirement benefit), you have the right to request an appeal. (For an appeal of a disability retirement decision see the section entitled "How to Request A Disability Retirement Hearing" on page 28.) The appeal process has certain time frames so be sure to follow them. To request an appeal, follow these steps:

- Within 90 days of the decision you dispute, send a written request to the Director of Member Services of OCERS including your name and Social Security number. Describe the circumstances of your situation and include any and all necessary documentation in support of your request. Director of Member Services will review the written request, conduct an independent review of the matter and issue a written determination.

- If you disagree with the Director of Member Services' determination, you may file a written appeal with the OCERS' Chief Executive Officer (CEO). This appeal must be filed within 90 days of the date the letter from the Director of Member Services was mailed. The CEO will review the request and consult with OCERS' staff. The CEO will make a decision and you will be advised in writing of the reasons for the decision.

- If you are dissatisfied with the decision of the CEO, you have 90 days from the date the CEO's letter is mailed to request in writing that the Retirement Board review the matter. It will then be placed on the agenda of a regularly-scheduled Board of Retirement meeting. You will be notified of the meeting by mail. You may attend this Board meeting, however, attendance is not required. The Board will grant the request, deny it, or refer the matter to a hearing with a Board-appointed Referee.

- If the Board denies your request, you have 90 days from the date of that denial to request that a Board-appointed Referee hear the matter. If you request a Hearing or the Board refers the matter to a Hearing, you will be provided Hearing rules. The Referee will conduct the Hearing and provide the Board with a Proposed Findings of Fact and Recommended Decision. The matter will then be placed on the agenda of a regularly-scheduled Board of Retirement meeting. You will be notified of the meeting by mail. You may attend this Board meeting, however, attendance is not required. The Board will either approve the recommended decision, deny it or may refer the matter back to the Referee for further review.

- If, after considering the Referee's Proposed Findings of Fact and Recommended Decision the Board denies your request, you have 90 days from the date of the denial to file a Writ of Mandate in the Superior Court under CCP §1094.5

Returning to work under OCERS after retirement

If you are receiving a service retirement allowance from OCERS, and you wish to return to work for an OCERS' covered employer, you may be eligible to do so. There are two methods for members who service retired to return to work for an OCERS covered employer.

1. You may be paid in an extra help position requiring special skills or knowledge for no greater than 120 days or 960 hours of work per fiscal year, while still receiving your retirement allowance, unless you received additional years of service through an early retirement incentive ("ERI") when you retired. If you received additional years of service through an ERI you may only work up to the greater of 90 days or 720 hours per fiscal year, or risk permanently losing the additional years received.

OR

2. You may return to work in a full-time position if you file an application with the Board of Retirement to become an active member and the Board determines that you are physically capable of performing the job duties of the position. It is your responsibility to provide evidence of your ability to perform the job duties of the position you are seeking. Your retirement allowance will be suspended while you work in the full-time position and you will become an active member of OCERS for that second period of employment. Upon retirement from the second period of employment, your service retirement allowance from the first retirement, plus any cost-of-living adjustments that occurred while the allowance was suspended, will be added to the service retirement earned for the second period of employment.

   If you become disabled as a result of the second period of employment, your ultimate retirement allowance will not be calculated as set forth above. You should contact OCERS to determine what your disability benefits would be in this situation.

Please note: If you have retired with a disability, you are not eligible to return to work under either of the above circumstances. Please contact OCERS' Disability Section for information regarding a return to work at (714) 558-6200.

Disability retirement

If you become permanently disabled while a member of OCERS, you may be eligible for a Disability Retirement allowance. If you feel you have become permanently disabled, contact OCERS' Disability Section at (714) 558-6200 for the necessary forms and for more information.

For detailed information on the disability application process, go to **www.ocers.org** and review the "Disability Retirement Process" brochure.

There are two types of disability benefits payable from the System:

Nonservice-connected Disability Retirement

You are eligible for a Nonservice-connected Disability Retirement allowance if:

- You have five or more years of Service Credit.

- The Board of Retirement determines that you are **permanently** physically or mentally incapacitated from performing the usual duties of any permanent assignment in your job classification.

AND

- Your disability is not due to a job-related illness or injury.

How your Nonservice-connected Disability Retirement allowance is calculated

If you qualify for a Nonservice-connected Disability allowance your retirement allowance calculation will be personally prepared by our Disability Staff. You may contact the Disability Section at (714) 558-6200.

Service-connected Disability Retirement

You are eligible for a Service-connected Disability Retirement allowance if:

- The Retirement Board deems you are **permanently** physically or mentally incapacitated from performing the usual duties of any permanent assignment in your job classification.

AND

- Your incapacity arose out of, and in the course of your employment, and such employment contributed substantially to your being incapacitated.

How your Service-connected Disability Retirement allowance is calculated

Your monthly Service-connected Disability Retirement allowance will be equal to 50 percent of your Final Average Salary, subject to limitations for reciprocal members. If you are eligible for a Service Retirement allowance, you will receive the greater of your Disability Retirement allowance or your Service Retirement allowance, subject to limitations for reciprocal members.

A Service-connected Disability Retirement allowance is currently exempt from taxes up to 50 percent of your Final Average Salary. Any portion above 50 percent of your Final Average Salary is taxable. If you have any questions regarding the taxability of your Service-connected Disability Allowance, please consult a tax professional.

Heart presumption disability retirement

If you have at least five years of Service Credit, and you become **permanently** disabled due to a heart condition, it will be presumed that such heart condition developed out of, and in the course and scope of your employment, unless there is evidence of a contemporaneous non-industrial cause. This is referred to as "heart-presumption disability retirement." As such (provided you satisfy the requirements), your disability for purposes of calculating your benefit will be considered Service-connected. However, any disability benefits you receive from the System due to a heart-presumptive condition may not be considered tax-exempt.

If you can prove that your heart condition arose out of and occurred in the course and scope of your employment, you may be entitled to a Service-connected disability retirement without relying on the heart presumption. If the Board of Retirement determines that your disability is Service-connected without relying on the heart presumption, the Internal Revenue Service (IRS) may treat all or a portion of your retirement allowance as tax-exempt.

Cancer presumption disability retirement

If you have at least five years of Service Credit, and you become **permanently** disabled due to cancer, it will be presumed that such cancer developed out of, and in the course and scope of your employment if you demonstrate that you were exposed to a known carcinogen as a result of the performance of your job duties and there is no evidence that the cancer did not arise from the carcinogen identified. This is referred to as "cancer-presumption disability retirement." As such (provided you satisfy the requirements), your disability for purposes of calculating your benefit will be considered Service-connected. However, any disability benefits you receive from the System due to a cancer-presumptive condition may not be considered tax-exempt.

If you can prove that your cancer arose out of and occurred in the course and scope of your employment, you may be entitled to a Service-connected disability retirement without relying on the cancer presumption. If the Board of Retirement determines that your disability is Service-connected without relying on the cancer presumption, the Internal Revenue Service (IRS) may treat all or a portion of your retirement allowance as tax-exempt.

Blood-borne infectious disease presumption disability retirement

If you have at least five years of Service Credit, and you become **permanently** disabled due to exposure to a blood-borne infectious disease, it will be presumed that such blood-borne infectious disease developed out of, and in the course and scope of your employment, unless rebutted by contrary evidence. This is referred to as "blood-borne infectious disease-presumption disability retirement." As such (provided you satisfy the requirements), your disability for purposes of calculating your benefit will be considered Service-connected. However, any disability benefits you receive from the System due to a blood-borne infectious disease-presumptive condition may not be considered tax-exempt.

A blood-borne infectious disease is defined as a disease caused by exposure to pathogenic microorganisms that are present in human blood and can cause disease in humans.

If you can prove that your blood-borne infectious disease arose out of and occurred in the course and scope of your employment, you may be entitled to a Service-connected disability retirement without relying on the blood-borne infectious disease presumption. If the Board of Retirement determines that your disability is Service-connected without relying on the blood-borne infectious disease presumption, the Internal Revenue Service (IRS) may treat all or a portion of your retirement allowance as tax-exempt.

Biochemical substance disability retirement presumption

If you have at least five years of Service Credit, are a peace officer member as defined in Penal Code Section 830.1 to 830.5, or a firefighter member, and you become **permanently** disabled due to exposure to a biochemical substance, it will be presumed that such illness resulting from exposure to the biochemical substance developed out of, and in the course and scope of your employment, unless rebutted by contrary evidence. This is referred to as "biochemical substance presumption disability retirement." As such (provided you satisfy the requirements), your disability for purposes of calculating your benefit will be considered Service-connected. However, any disability benefits you receive from the System due to an illness attributable to exposure to a biochemical substance-presumptive condition may not be considered tax-exempt.

A biochemical substance is defined as any biological or chemical agent that may be used as a weapon of mass destruction.

If you can prove that your illness resulting from exposure to the biochemical substance arose out of and occurred in the course and scope of your employment, you may be entitled to a Service-connected disability retirement without relying on the biochemical substance presumption. If the Board of Retirement determines that your disability is Service-connected without relying on the biochemical substance presumption, the Internal Revenue Service (IRS) may treat all or a portion of your retirement allowance as tax-exempt.

Effective date

The effective date of the Service-connected or Nonservice-connected Disability Retirement will be the date of your application or the day following the last day for which you received regular compensation, whichever is later, unless certain exceptions apply.

How to Request a Disability Retirement Hearing

If you do not agree with the decision the Board of Retirement reached on any portion of your application for Disability Retirement, you have the right to request a hearing before a Board-appointed Referee within 90 days of the Board's decision.

Send a written request for a hearing to OCERS' Member Services Director. The Member Services Director will advise you in writing that the hearing will be scheduled on a mutually agreed upon date. You can elect to be represented by an attorney. You must provide the name and address of your attorney to the Disability staff and OCERS' Counsel.

Sixty days prior to the date of the hearing, you must provide the Referee and OCERS' counsel with a pre-hearing statement describing the issues and contentions, and a summary of the evidence to be presented. You must also provide the names of any witnesses who may be called to testify, together with copies of any documentary evidence (medical or non-medical). If any information is not disclosed in this manner, it may be inadmissible and the Referee may not consider it.

After the hearing the Referee will, based on his or her findings, make a recommendation to the Board of Retirement. You have 30 days from the date the recommendation was mailed to you to submit written objections. The referee will consider your objections and issue further findings. The matter will then be placed on the agenda of a regularly scheduled Board of Retirement meeting. You will be notified of the date and time of the meeting. You may attend this Board meeting, however, attendance is not required. The Board will either approve the recommended decision, refer the matter back to the Referee for further review, review the evidence and make such finding as are appropriate or set the matter for hearing before the full Board.

If, after considering the Referee's Proposed Findings of Fact and Recommended Decision the Board denies your application, you have 90 days from the date of the denial to file a Writ of Mandate in the Superior Court under CCP §1094.5

For more information about the actual disability retirement hearing, please contact the Disability Section at (714) 558-6200.

Survivor benefits

Benefits to beneficiaries upon your death

When you become a member of OCERS, you will be asked to designate a beneficiary who will be entitled to receive certain benefits that may be payable upon your death.

You may designate anyone you choose as your beneficiary, and you may change your beneficiary at any time prior to retirement. To designate or change your beneficiary, you need to request the "Beneficiary Change Form" from Member Services or download it from **www.ocers.org**. It is your responsibility to notify Member Services of a life event change, such as a marriage, domestic partnership registration or death including death of a designated beneficiary. Upon receipt of this information, your new beneficiary designation will supersede all previous designations.

Beneficiaries of active and deferred members with 10 or more years of service will get a one-time $750 death benefit when the member dies; beneficiaries of retirees will get a one-time $1,000 death benefit at the time of the member's death.

It is important to note that your spouse, ex-spouse, registered domestic partner, ex-registered domestic partner and/or children may have legal rights that supersede the rights of any other beneficiaries you designate. These rights are highlighted as follows:

Nonservice-connected death prior to retirement

If you have less than five years of Service Credit when you die and your death is not due to a job-related illness or injury, your Eligible Spouse, Qualified Domestic Partner or Eligible Child has the following survivor benefit options:

1. A one-time benefit consisting of the member's accumulated contributions and interest plus a lump sum equal to one twelfth of your Final Average Salary earned during the 12 months immediately preceding your death multiplied by the number of completed years of service. The lump sum cannot exceed 50% of your Final Average Salary. NOTE: If your Eligible Spouse, Qualified Domestic Partner or Eligible Child is not listed as your beneficiary, this benefit will be paid to your named beneficiary, or if no beneficiary is named, to your estate.

2. If you are age 70 or older at the time of your death a lifetime monthly allowance of 60 percent of the amount you would have received if you had been granted a Service Retirement allowance the day after your death. This means you must have been qualified to receive a Service Retirement at the time of your death. (For qualification information see "Service Retirement Eligibility" on page 19.) In addition, your Eligible Spouse or Qualified Domestic Partner must be listed as your beneficiary at the time of your death to qualify for this benefit.

If you do not have an Eligible Spouse, Qualified Domestic Partner or Eligible Child, your designated beneficiary, or estate if there is no designated beneficiary, will receive a one-time benefit equal to your accumulated contributions plus a lump sum equal to one twelfth of your Final Average Salary earned during the 12 months immediately preceding your death multiplied by the number of completed years of service. The lump sum cannot exceed 50% of your Final Average Salary.

If you have five or more years of Service Credit at the time of your death, your Eligible Spouse, Qualified Domestic Partner or Eligible Child has the following survivor benefit options:

1. A one-time benefit consisting of your accumulated contributions and interest plus a lump sum equal to one twelfth of your Final Average Salary earned during the 12 months immediately preceding your death multiplied by the number of completed years of service. The lump sum cannot exceed 50% of your Final Average Salary. NOTE: If your Eligible Spouse, Qualified Domestic Partner or Eligible Child is not listed as your beneficiary, this benefit will be paid to your named beneficiary, or if no beneficiary is named, to your estate;

OR

2. Lifetime monthly allowance of 60 percent of the amount that you would have received if you had been granted a Nonservice-connected Disability Retirement allowance the day after your death (see the “Disability Retirement” section for eligibility requirements), or if you had been granted a Service Retirement allowance the day after your death and your Eligible Surviving Spouse or Qualified Domestic Partner is named as your beneficiary. For the Nonservice-connected Disability Retirement allowance, Eligible Child means a natural or adopted child of the deceased member, or a stepchild living or domiciled with the deceased member at the time of his or her death. (For qualification information see “Service Retirement Eligibility” on page 19.);

OR

3. Combined benefit of a one-time payment consisting of a lump sum equal to one twelfth of your Final Average Salary earned during the 12 months immediately preceding your death multiplied by the number of completed years of service, plus a reduced lifetime monthly allowance, as provided under Number 2, above, actuarially reduced by the lump sum payment. The lump sum cannot exceed 50% of your Final Average Salary. This benefit is only payable to an Eligible Surviving Spouse or Qualified Domestic Partner.

If you do not have an Eligible Spouse, Qualified Domestic Partner or Eligible Child, your designated beneficiary, or estate if there is no designated beneficiary, will receive a one-time benefit equal to your accumulated contributions plus a lump sum equal to one twelfth of your Final Average Salary earned during the 12 months immediately preceding your death multiplied by the number of completed years of service. The lump sum cannot exceed 50% of your Final Average Salary.

Keep in mind that the legal rights of your Eligible Spouse, Qualified Domestic Partner and Eligible Child may supersede the rights of any beneficiary(ies) you named.

Service-connected death prior to retirement

If your death occurs as a result of a job-related illness or injury, your Eligible Spouse, Qualified Domestic Partner or Eligible Child have a choice of one of the following survivor benefit options:

1. Lifetime monthly allowance of 50 percent of your Final Average Salary or your Service Retirement Allowance, if eligible. Under this section, Eligible Child means a natural or adopted child of the deceased member, or a stepchild living or domiciled with the deceased member at the time of death,

OR

2. A one-time benefit consisting of your accumulated contributions plus a lump sum equal to one twelfth of your Final Average Salary earned during the 12 months immediately preceding your death multiplied by the number of completed years of service. The lump sum cannot exceed 50% of your Final Average Salary. NOTE: If your Eligible Spouse, Qualified Domestic Partner or Eligible Child is not listed as your beneficiary, this benefit will be paid to your named beneficiary, or if no beneficiary is named, to your estate;

OR

3. Combined benefit of a one-time payment consisting of a lump sum equal to one twelfth of your Final Average Salary earned during the 12 months immediately preceding your death multiplied by the number of completed years of service, plus a reduced lifetime monthly allowance, as provided under Number 2, above, actuarially reduced by the lump sum payment. The lump sum cannot exceed 50% of your Final Average Salary. This benefit is only payable to an Eligible Surviving Spouse or Qualified Domestic Partner.

If you do not have an Eligible Spouse, Qualified Domestic Partner or Eligible Child, your designated beneficiary, or estate if there is no designated beneficiary, will receive a one-time benefit equal to your accumulated contributions plus a lump sum equal to one twelfth of your Final Average Salary earned during the 12 months immediately preceding your death multiplied by the number of completed years of service. The lump sum cannot exceed 50% of your Final Average Salary.

Death in the line of duty

If you die in the line of duty and you are in an eligible safety position at the time of your death, your Eligible Spouse/Qualified Domestic Partner and Eligible Children will be entitled to survivor benefit option number 1 listed above under "Service-connected Death Prior to Retirement." Your Eligible Spouse/Qualified Domestic Partner also will receive a one-time lump sum benefit equal to one year of pay. In addition, if you have any Eligible Children, your Eligible Spouse/Qualified Domestic Partner will be entitled to the following benefits:

- If you have one Eligible Child, an additional 25 percent of your Eligible Spouse's/Qualified Domestic Partner's allowance, OR

- If you have two Eligible Children, an additional 40 percent of your Eligible Spouse's/ Qualified Domestic Partner's allowance,

OR

- If you have three or more Eligible Children, an additional 50 percent of your Eligible Spouse's/Qualified Domestic Partner's allowance.

If the additional benefit per child, when added to the survivor allowance payable to your Eligible Spouse/Qualified Domestic Partner exceeds the maximum benefit payable under the Internal Revenue Code (IRC), the additional benefit will be reduced to the amount required to meet the IRC limit.

The additional benefits for death in the line of duty are not available to survivors of local prosecutors, local public defenders or local public defender investigators.

Survivor benefits for retired members

If you die after retirement, your Eligible Spouse, Qualified Domestic Partner, Eligible Child(ren) or designated beneficiaries may be paid according to the provisions of the payment option you selected at retirement.

Unmodified Option

If you choose the Unmodified Option when you retire on a **Service Retirement** or on a **Nonservice-connected Disability Retirement,** your Eligible Spouse or Qualified Domestic Partner will receive 60 percent of your monthly allowance upon your death (for definitions of "Eligible Spouse" and "Qualified Domestic Partner," see page 21).

If you are receiving a **Service-connected Disability Retirement**, your Eligible Spouse or Qualified Domestic Partner will receive 100 percent of your monthly allowance upon your death. Your spouse or Qualified Domestic Partner is considered eligible for a continuance in one of two ways:

1) If you were married or registered prior to the effective date of your service-connected disability benefit

OR

2) If you have been continuously married or registered as a Qualified Domestic Partner at least two years prior to the date of your death and are married to that spouse or registered to that Qualified Domestic Partner at the time of your death and your spouse or Qualified Domestic Partner is at least 55 years old.

This amount is payable to your Eligible Spouse or Qualified Domestic Partner for his or her lifetime. If you do not have an Eligible Spouse or Qualified Domestic Partner at the time of your death, your monthly allowance will be payable to your Eligible Child. If you do not have an Eligible Spouse, Qualified Domestic Partner or Eligible Child at the time of your death, your designated beneficiary will receive a refund of your remaining member contributions, if any.

Other options

If at retirement you choose a payment option other than the Unmodified Option, your designated beneficiary will receive a benefit based on the terms of that option. See "Other Payment Options" on page 21 for additional information.

Survivor benefits for members in Deferred Regular status

If you die in Regular Deferred Retirement status and before you begin receiving a Deferred Retirement allowance, your designated beneficiary will receive a lump sum benefit equal to your member contributions with interest.

In addition to this benefit, if you have at least 10 Years of Service Credit when you die, your designated beneficiary will receive a lump sum benefit of $750.

Survivor benefits for members in Deferred Reciprocal status

If your death is **not** the result of a service-connected injury while an active member of the Reciprocal System, your Eligible Surviving Spouse, Qualified Domestic Partner or Eligible Child may qualify for one of the following:

1. Lifetime monthly allowance of 60 percent of the amount that you would have received if you had been granted a Nonservice-connected Disability Retirement allowance the day after your death (see the "Disability Retirement" section for eligibility requirements) or if you had been granted a Service Retirement allowance the day after your death and your Eligible Surviving Spouse or Qualified Domestic Partner is named as your beneficiary. (For qualification information see "Service Retirement Eligibility" on page 19.) For the Nonservice-connected Disability Retirement allowance, Eligible Child means a natural or adopted child of the deceased member, or a stepchild living or domiciled with the deceased member at the time of his or her death;

OR

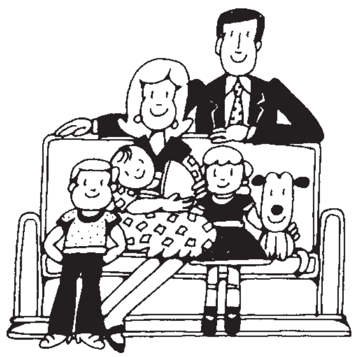
2. If the Eligible Surviving Spouse or Qualified Domestic Partner does not qualify for either benefit discussed above, and you are credited with 10 years of service credit (including reciprocal time) at the time of death, an Eligible Surviving Spouse or Qualified Domestic Partner can leave the death benefit funds on deposit until the earliest date you could have retired and then choose a Lifetime monthly allowance of 60 percent of the amount you would have received if you had been granted a Service Retirement allowance the day after your death, provided the Eligible Surviving Spouse or Qualified Domestic Partner is listed as your beneficiary;

OR

3. OCERS pays your accumulated contributions, which, when added to the death benefit paid by the Reciprocal system, can't exceed the total of your accumulated contributions in both systems, plus 50% of your Final Average Salary earned in the 12 months immediately preceding your death.

If your death **is** the result of a service-connected injury while an active member of the Reciprocal system, OCERS pays your accumulated contributions and interest.

For more specific information on death and survivor benefits, visit OCERS official Web site at **www.ocers.org** or call Member Services at (714) 558-6200 or toll-free at (888) 570-6277.



Federal and state taxes on benefits

Retirement allowances (including disability retirement) are generally considered taxable income under both federal and State of California income tax laws. At the time of retirement you will need to instruct OCERS on your tax withholding election. If you have any questions regarding the taxability of your retirement allowance, please consult a tax professional.

OCERS does not withhold state income taxes for any state other than California.

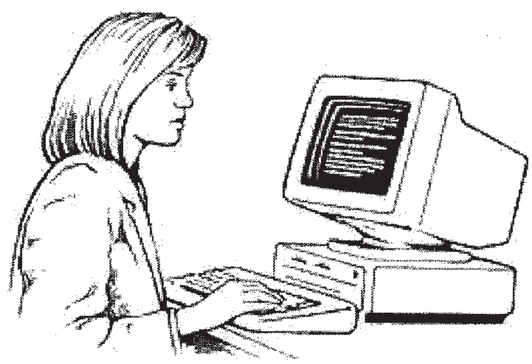
General Rule: Because your contributions to OCERS are now deducted from your paycheck before income taxes are determined, all benefits provided by these contributions are taxable when you receive them. There are two exceptions to this rule: see "How Your Service-connected Disability Retirement Allowance is Calculated" (as described on page 26) and "Special Rule for After-Tax Member Contributions" (see below).

Special Rule For After-Tax Member Contributions

Member contributions prior to 1986 were made on an after-tax basis. Contributions are not taxed when disbursed, but the interest is taxable. Purchases of Service or redeposits of contributions (lump sum payment via personal check or installment payments) made with after-tax monies are also not taxed when disbursed.

When you retire, you will be provided with information regarding the income tax status of your Service Retirement or Disability Retirement allowance.

Note: OCERS cannot provide tax advice. If you have any questions regarding the taxability of your benefits, please consult a tax professional.



Administrative information

Plan documents

This Summary Plan Description (SPD) summarizes the key features of the Retirement Plan. Details can be found in the County Employees Retirement Law of 1937 (the '37 Act), Sections 31450 through 31899.10 of the California Government Code. All statements made in this SPD are subject to the provisions and terms of the '37 Act. If there is any difference between this SPD and the '37 Act, the '37 Act will govern. Although the benefits currently available under the Retirement Plan are described here, OCERS reserves the right to change the plan at any time, with or without notice.

Other plan documents such as the Comprehensive Annual Financial Report (CAFR) can be obtained by requesting them from OCERS at the following address: 2223 E. Wellington Avenue, Suite 100, Santa Ana, California 92701-3161; from our Web site: **www.ocers.org**; or by calling (714) 558-6200.

Administration of OCERS

OCERS is governed by a Board of Retirement, consisting of nine regular members and one alternate member (the County Treasurer, four active elected members, four appointed members and one elected retiree).

The Board is responsible for the administration of the System's investments and benefits, such as approving all requests for a Service Retirement, Deferred Retirement, Disability Retirement, survivor benefits, and any other claims relating to the System.

Confidentiality of records

OCERS is required to protect the confidentiality of member records. Third party questions about your account cannot be answered without your written consent, pursuant to court order, or for the administration of the Retirement System.

Participating Employers and districts

Following is a list of participating employers and districts as of January 1, 2010:

City of San Juan Capistrano

County of Orange

In-Home Supportive Services Public Authority

Orange County Cemetery District

Orange County Children and Families Commission

Orange County Department of Education (closed to new members)

Orange County Employees Retirement System

Orange County Fire Authority

Orange County Local Agency Formation Commission

Orange County Public Law Library

Orange County Sanitation District

Orange County Superior Court

Orange County Transportation Authority

Transportation Corridor Agencies

University of California, Irvine Medical Center and Campus (closed to new members)

Plan information

Plan name	Orange County Employees Retirement System
Tax identification numbers	Federal # 52-1670476 State # 803-6408-6
Plan year ends	December 31
Plan Administrator	Chief Executive Officer of the Orange County Employees Retirement System
Plan type	Defined Benefit
Legal service	Service for legal process related to the Retirement Plan may be made to the Plan Administrator

Key terms

Following are definitions of terms that are used throughout this SPD.

An **Actuary** is a mathematician who is specially trained to evaluate member experience (deaths, terminations, disabilities & retirements at various ages, etc.), recommend economic assumptions (inflation, investment returns, salary and payroll increases, *etc*.), calculate actuarial liabilities (forecast of how much will have to be paid out in benefits in future years, etc.), and rates (such as contribution, pension, annuity, *et al*).

Age factors are a set of numeric quantities based on your age at retirement.

Annuity is a series of payments (retirement benefits) derived from your contributions and interest for a specified period of time such as a number of years or for life.

Beneficiary is a person that you (the member) name in writing to receive certain benefits provided by the plan upon your death.

Biochemical Exposure Presumption is a disability caused by an exposure to a biochemical substance. It will be presumed that such illness resulting from exposure to the biochemical substance developed out of, and in the course and scope of your employment, unless rebutted by contrary evidence.

Blood-borne Infectious Disease Presumption is a disability caused by exposure to pathogenic microorganisms that are present in human blood and can cause disease in humans. It will be presumed that such blood-borne infectious disease developed out of, and in the course and scope of your employment, unless rebutted by contrary evidence.

Cancer Presumption is a disability caused by exposure to a known carcinogen that can be presumed to arise out of, and in the course of your employment, if not rebutted by contrary evidence.

COLA means cost-of-living adjustment. It is based on the movement of the Consumer Price Index; the maximum annual COLA adjustment for OCERS retirees is 3% as set by the Retirement Board.

Compensation Earnable - See Final Average Salary.

Consumer Price Index or **CPI** is the measure of the rate of changes in prices which are used by pension funds to measure inflation. CPI is based on the U.S. Department of Labor Statistics' monthly survey of consumer goods and services, including housing costs, food, transportation, electricity, *et al* for the Los Angeles, Riverside and Long Beach area.

Deferred Reciprocal Retirement means that if you terminate employment with OCERS you will be eligible to receive benefits from the System if you leave your member contributions on deposit with OCERS, and transfer to another reciprocal system within six months of your termination from

OCERS. You cannot withdraw your member contributions until you terminate from your new plan.

Deferred Regular Retirement means that if you terminate employment other than by retirement, you still may be eligible to receive benefits from the System if you leave your member contributions on deposit with the System.

Defined Benefit Plan is one designed to pay each member a lifetime benefit based on 4 factors: Plan Type, a Member's age at retirement, Member's length of service and Member's Final Average Salary.

Disability Retirement is a retirement allowance payable if you become permanently physically or mentally incapacitated from substantially performing the usual duties of any permanent assignment in your job classification (due to either Service-connected or Nonservice-connected illness or injury). This determination is made by the Board of Retirement after you have filed an application and submitted proof of your disability and its causes, and the Retirement System investigates your application.

Domestic Relations Order (DRO) is a legal judgment, decree or order that recognizes the right of a former spouse to a community property interest in the benefits payable under your Retirement Plan.

Eligible Child (Children) is/are your unmarried child/children under the age of 18 or under the age of 22 if an unmarried, full-time student. This includes adopted children. Eligible Child can also include a stepchild living or domiciled with the member at the time of the member's death for purposes of an active member Nonservice-connected or Service-connected death benefit only.

Eligible Spouse is the person to whom you are legally married. For purposes of receiving benefits, the term has different meanings depending on the situation. Eligible Spouse also includes a Qualified Domestic Partner registered in accordance with applicable Family Law provisions.

Excise Taxes refers to the penalty you pay if you receive a lump sum distribution of your pretax (taxable) contributions and interest before you reach age 59½ and you do not roll it over into another qualified employer plan or IRA.

Final Average Salary is a measure of your level of earnings based on your average salary for a specified period of time. It may also include compensation for bonuses, educational incentive pay, shift differentials, FLSA premium pay, uniform allowance, automobile allowance, and bilingual pay. Other items of compensation may also apply. This is one of the factors used in calculating your monthly retirement allowance.

Heart-presumption means a disability caused by heart trouble that is presumed to arise out of, and in the course of employment and is not attributable to any disease existing prior to its development.

IRA means **I**ndividual **R**etirement **A**ccount.

Nonservice-connected Disability is an injury or disease, not related to your employment, that permanently prevents you from performing the duties of your job. You must have at least 5 years of service credit to be eligible to receive nonservice-connected disability benefits from OCERS.

OCERS ("the System") is the Orange County Employees Retirement System.

Probate is the court supervised process of administering and distributing the estate of a deceased person.

Qualified Domestic Partner means that the member is registered with the California Secretary of State in accordance with Family Code Section 297.

Reciprocal (reciprocity) Benefits means the ability for your benefits to be coordinated if you transfer from one covered retirement system to another that enables you to preserve and enhance your total system benefits. There are certain restrictions applicable to reciprocity.

Rollover means a form of favorable tax treatment whereby you can defer the taxes on the taxable portion of a lump sum distribution from the Retirement Plan by transferring it to another employer's qualified plan or an Individual Retirement Account (IRA).

Safety Member means that your position is in law enforcement, fire suppression or is an eligible deputized staff (EDS) in the Probation Department, and you meet the qualifications set forth in the '37 Act of the California Government Code.

Service-connected Disability is an injury or disease that occurs or is aggravated as a result of your employment, and that permanently prevents you from performing the duties of your job. All contributory members are eligible to receive service-connected disability benefits from OCERS if they meet the necessary requirements.

Service Credit are your hours worked under membership with OCERS, converted to months for which you make contributions and receive credit in the Retirement System.

Service Retirement Allowance is the amount of money you receive when you retire based on your Plan Type, Years of Service Credit, Final Average Salary, and a factor based on your age at retirement.

STAR COLA means **S**upplemental **T**argeted **A**djustment for **R**etirees **C**ost-**o**f-**L**iving **A**djustment. It is paid to certain retirees and survivors who have lost more than 20% of their original retirement benefit's purchasing power due to inflation. This benefit must be approved each year by the Board of Retirement.

Summary Plan Description (SPD) is a general description of the retirement plan provisions provided by OCERS to participants and beneficiaries.

Survivor Benefits are those benefits payable from the Retirement System to your Eligible Spouse or Eligible Children after your death.

System is a general term for the Orange County Employees Retirement System (OCERS).

Trust (including living trust) is a legal entity that is created when a person or organization transfers assets to a trustee for the benefit of designated persons.

Unmodified Option is a retirement option that provides you with the maximum retirement allowance available and a continuation benefit to your Eligible Spouse, Qualified Domestic Partner or Eligible Children upon your death.