A Guide to Your Retirement Plan Benefits

Orange County Employees Retirement System
Summary Plan Description
for
The City of San Juan Capistrano Members

This Summary Plan Description (SPD) is intended to provide you with general information. This SPD does not constitute legal advice, and OCERS cannot provide legal advice to members. If there are any discrepancies between the information in this SPD and the law, the law will prevail. Should you have legal questions, you are advised to consult an attorney.

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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 your employer make mandatory contributions to the Retirement System. Because OCERS is a Defined Benefit (DB) Plan, once you retire you will receive a monthly lifetime allowance that is based on your benefit formula, age at retirement, Final Average Salary 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 this Summary Plan De- scription (SPD), we encourage you to refer to the Key Terms section to help you better understand this important document.

This Summary Plan Description (SPD) is for all active, deferred and retired City of San Juan Capistrano members.

The City of San Juan Capistrano has grown from a small community of approximately 10,000 per- sons in 1974 to a developed city of approximately 36,000. It is governed by a City Council of five members elected to four-year overlapping terms. The City of San Juan Capistrano joined OCERS as an employer in 1975.

Who is OCERS?

For more than 75 years OCERS has been providing retirement, death and disability benefits to employees of the County and certain districts. OCERS currently serves more than 31,000 active and deferred members and more than 21,000 retired members and beneficiaries. 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).

Membership in OCERS is mandatory for all eligible employees. It is, however, optional for certain elected officials.

Our mission statement

"We provide secure retirement and disability benefits with the highest standards of excellence."

Benefit formulas based on hired date and employer agreement

OCERS administers a number of benefit formulas. Your benefit formula is established by your employer and your hire date.

Public employees hired before January 1, 2013:

Legacy Plans	Benefit Formula per Year of Service
A	2% at 57 hired before September 21, 1979.
B	1.67% at 57½ hired on or after September 21, 1979.
I	2.7% at 55 retroactive for those hired before September 21, 1979 effective on September 25, 2003 for management employees; classified employees effective on January 1, 2004.
J	2.7% at 55 retroactive for those hired on or after September 21, 1979 effec- tive on September 25, 2003 for management; classified employees effective on January 1, 2004.
S	2.0% at 57 hired on or after July 1, 2012.

New public employees hired on or after January 1, 2013:

PEPRA[1] Plans	Benefit Formula per Year of Service
U	2.5% at 67.
W	1.62% at 65 (PEPRA Alternative plan choice for eligible employees hired after January 1, 2016).

Please go to myOCERS, your online personal account, to identify your specific benefit formula.

Contact information

If you have any questions that are not answered after reading this SPD, call Member Services at (714) 558-6200.

[1] The California Public Employees' Pension Reform Act ("PEPRA"), effective January 1, 2013. (Gov. Code, §§ 7522, et seq.)

Membership and contribution information

Who is eligible?

You automatically become a member of the Retirement System on the date you commence employ- ment 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 as your beneficiary at the time of your death.

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.

Under previous federal law, the Windfall Elimination Provision (WEP) reduced Social Security benefits for certain individuals who received a public pension from jobs that did not pay into Social Security. However, the WEP was repealed by the Social Security Fairness Act, which was signed into law on January 5, 2025. Members should contact the Social Security Administration (www.ssa.gov) to determine any impact on their Social Security benefit.

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, 1996, you will be subject to limitations outlined in sections of the Internal Revenue Code, including Section 415 limits. 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 Legacy 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 former employer. For PEPRA members,
PEPRA prohibits a replacement benefit plan and therefore, your benefit will be capped. PEPRA members will only receive a retirement benefit up to the IRS limit. Any excess amount is forfeited. For all members, the IRS also places a limit on the amount of compensation OCERS can consider when calculating a member's Final Average Salary.

For Legacy members, the maximum monthly base retirement allowance (excluding cost-of- living allowance) you can receive cannot exceed 100% of your Final Average Salary. For more information on benefit limits please go to Tax Information on OCERS' website.

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**.** Your contribution rate depends on:

- The benefit formula, and
- 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 birth-day, his entry age is 31. Had his birthday been January 1, 1965, his entry age would have been 30.

PLEASE NOTE: OCERS does not permit loans or borrowing against account balances on deposit with OCERS.

In addition, if you were a member of our system on March 7, 1973, and remained in membership continuously until credited with 30 years of service, contributions will no longer be deducted from your pay. Reciprocal service counts towards the accrual of 30 years of service. Although contribu- tions will not be deducted, any service you complete after 30 years **will** count in calculating your benefit.

Maximum compensation limits

PEPRA plans U and W are subject to an annual compensation limit for calculating retirement ben- efits under Section 7522.10 of the California Public Employees' Pension Reform Act of 2013 (PEP- RA). The compensation limit is adjusted annually, based on the changes to the Consumer Price Index for All Urban Consumers: U.S. City Average.

All other plans are subject to an annual compensation limit for calculating benefits under Section 401(a)(17) of the Internal Revenue Code. If you became a member of OCERS on or after January 1, 1996 this compensation limit applies to you.

In the event a member's annual earnings reach the maximum amount permitted in that calendar year, OCERS will request that the employer discontinue deducting retirement contributions from that individual member's pay for the remainder of the calendar year. Deductions for OCERS contributions will resume the following January. You can find Compensation and Benefit Limits HERE.

Contribution rates

To see your current contribution rate, visit www.ocers.org/find-your-employer, select your employer, then select the document under the heading, "Contribution Rates.". Public Employees hired before January 1, 2013:

Legacy Plans	**Benefit Formula per Year of Service**
A	2% at 57.
B	1.67% at 57½.
I	2.7% at 55 retroactive for those hired before September 21, 1979 effective on September 25, 2003 for management employees; classified employees effective on January 1, 2004.
J	2.7% at 55 retroactive for those hired on or after September 21, 1979 effec- tive on September 25, 2003 for management; classified employees effective on January 1, 2004.
S	2.0% at 57 hired on or after July 1, 2012.

New public employees hired on or after January 1, 2013:

PEPRA Plans	**Benefit Formula per Year of Service**
U	2.5% at 67.
W	1.62% at 65 (PEPRA Alternative plan choice for eligible employees hired after January 1, 2016).

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.

Members do not have access to their account balance of contributions and interest until sepa- ration from employment. At that time, members have the option of withdrawing their monies, deferring retirement or retiring if eligible.

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 consid- ered 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 rein- statement 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-em- ployment before the withdrawal of any accumulated contributions.
- The redeposit of accumulated contributions upon re-entrance into service.

How to purchase Service Credit

OCERS permits an active or deferred member to purchase Service Credit for certain periods. You must complete and submit the form, "Request to Purchase Service Credit." The form can be requested from Member Services, downloaded at **ocers.org/post/member-forms**, or accessed through the member portal, myOCERS, and fill out and submit electronically. The following periods may be purchased provided the service meets the necessary requirements:

- Service with the County or other participating OCERS employers prior to membership during which time you were not eligible to be a member (Extra Help).
  The cost of the purchase is based on the salary earned and hours worked in the excluded position. OCERS uses your initial contribution rate to calculate the amount you would have contributed for the hours worked while in the excluded position.

- 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. The cost of the purchase is the amount of contributions missing from your account as a result of the 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. However, Public Service time does not count toward meeting the *minimum* qualifications for service retirement, deferred retirement, disability retirement or survivor benefits.

  The cost of the purchase is based on the hours worked in the prior public position. OCERS uses your initial contribution rate to calculate the amount you would have contributed for the hours worked while in the prior public position. That amount is then doubled to account for missing employer contributions.

  - Federal Service is not available for purchase

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' website.

If you are rehired by an employer participating in OCERS and have a prior period of membership in which you withdrew your contributions and 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 will be restored and original entrance age reinstated as if there was no break in service.

- If you are unable to redeposit your contributions as described above, you may still have your years of Service Credit reinstated by repaying your contributions plus interest at any time while a member of OCERS and prior to filing an application for retirement.

- 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 mem- ber. Interest will continue to be charged on the unpaid balance until your total balance is fully repaid.

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

Payment Options for purchasing Service Credit or redeposit- ing withdrawn OCERS contributions

There are four payment options to purchase Service Credit or 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. These are also after-tax payments and interest will apply.

***Payroll Deductions* –** 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 irrevoca- ble. You cannot change the amount of your payroll deduction until you complete the rede- posit/purchase or terminate your employment. Interest will also apply.

***Rollover from a tax qualified plan* –** you may be able to use qualified IRA or deferred com- pensation monies to purchase service credit. 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.

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 may be established by members who terminate employment with an OCERS covered em- ployer, leave their funds on deposit with OCERS, and enter a reciprocal retirement system within 180 days. Reciprocity may also be 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 mem- bership within 180 days.

Please note, if you have funds on deposit in a reciprocal system after terminating from employ- ment 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 re- ciprocal system, cannot withdraw his or her funds while still a member of the recipro- cal 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 may be subject to restrictions on the amount of disability retirement benefits from OCERS, if applicable.

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 how benefits are administered by any reciprocal agency in which you are a member.

Reciprocal members or members receiving monthly retirement or disability benefits from a reciprocal system or other public entity who are granted a disability retirement from OCERS may be subject to an offset of their retirement allowance.

A list of reciprocal retirement systems is found on ocers.org/reciprocal-systems.

Additional information is available at OCERS' office or may be accessed online:

https://www.ocers.org/reciprocity
https://www.ocers.org/post/reciprocity-questions
https://www.ocers.org/sites/main/files/file-attachments/reciprocity_1.pdf


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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 Al- lowance.” 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. Your account will continue to earn interest. You must notify OCERS whenever there is a change of address, name, or beneficiary.

Eligibility for a Deferred Retirement Allowance for plans A, B, I, J, S and W

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 30 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 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,” above, for more information.

Eligibility for a Deferred Retirement Allowance for Plan U

If you had five years of service or more when you deferred, including reciprocal service, you will be eligible to begin receiving your Deferred Retirement Allowance when you are age 52 or over.

> **Please note:** For all plans, 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

Your monthly retirement allowance is calculated based on four factors:

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

Use our online **Benefits Calculator** to get an estimate of your retirement allowance.

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.

Required Minimum distributions

OCERS must process your retirement if you are a deferred member of OCERS, you are not an active member of a reciprocal retirement system, and you have not applied for a deferred retirement allowance by a certain age. The required minimum distribution (RMD) age is 73 for a member who attains age 73 before January 1, 2033, and 75 for a member who attains age 74 after December 31, 2032.[2] OCERS will notify you by letter that you need to apply for a retirement benefit by the applicable age or date. If you fail to do so, 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 any time after your separation from County service. **However, if you withdraw your contributions, you will no longer be eligible for any benefits from the System** (including any disability benefits you may have been eligible to receive). Also, 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

[2] Federal legislation determines the RMD age, which may change over time.

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, you may contact Member Services or download the form, "**Member/Beneficiary Request to Withdraw Contributions/Elect Rollover."**

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 be- fore 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 penal- ties.

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 that is made payable to another employer's qualified retirement plan or to an IRA. Because you are not the payee, 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 ap- plicable excise penalties if you receive an early distribution) and direct transfer and/or roll over the remainder of the untaxed funds.


RETIREMENT

When you are ready to retire.....

Prior to retirement, gather your birth certificate, your spouse's/Qualified Domestic Partner's birth certificate, marriage certificate/domestic partner registration and bring to OCERS. The original or original certified copies will be photocopied and returned to you while you wait.

- If you do not have a copy of your birth certificate, one of the following may be acceptable, depending on your situation:

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

- If you are married or registered as a Qualified Domestic Partner, you must also supply your spouse's/Qualified Domestic Partner's Social Security number.

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

You may apply for your allowance by logging into myOCERS, your online member account.

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

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 bi-weekly payroll and salary information.

Retirement benefits

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

Service Retirement eligibility for plans A, B, I, J, S and W

As an active member, you are eligible for a Service Retirement Allowance when you meet the mini- mum 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 member at any age with 30 or more years of service.
- A part-time employee age 55 or older with 5 years of Service Credit and at least 10 years of active employment with an employer covered by OCERS.
- Age 70 or over, regardless of your years of service.

Service Retirement eligibility for Plan U

As an active member, you are eligible for a Service Retirement Allowance when you meet the mini- mum age and Service Credit requirements listed below.

- Any member age 52 or over with 5 or more years of service.
- Age 70 or over, regardless of your years of service.

The four components of your Service Retirement Allowance

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

- Benefit Formula
- Years of Service Credit
- Final Average Salary
- A factor based on your age at retirement

The maximum monthly base retirement allowance (excluding cost-of-living adjustments) you can receive cannot exceed 100% of your Final Average Salary.

For a quick and easy calculation, visit ocers.org and click on the Benefits Calculator. For a personalized estimate, log in to myOCERS, your online member account.

How your Final Average Salary (FAS) is calculated for legacy plans A, B, I, J and S

Your Final Average Salary (FAS) includes your base pay and may also include compensation for bonuses, shift differential, uniform allowance, automobile allowance and bilingual pay. Additional items may apply; for more information, refer to OCERS **Compensation Earnable Policy**. Also refer to the Master Pay Items List, which you can access by selecting your Employer, **HERE**, and choosing the document under “Pay Items List.”**.**

Plans A and I

Your Final Average Salary is calculated by taking the sum of your highest consecutive 12 months of compensation earnable and dividing it by 12.

Plans B, J, and S

Your Final Average Salary is calculated by taking the sum of your highest consecutive 36 months of compensation earnable and dividing it by 36.

How your Final Average Salary (FAS) is calculated for PEPRA plan U and Alternate plan W members

Your Final Average Salary (FAS) consists of a three-year average of your Pensionable Compensation and includes your base pay and regularly recurring pay items for special skills or shifts. The highest consecutive 36 months of pensionable compensation is used to determine your Final Average Salary, regardless of when it was earned.

Age factor

Your monthly Service Retirement Allowance will be calculated using a factor based on your age at retirement.

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 Al- lowance available to you. If you select options 1-4, then you will receive a reduced lifetime monthly allowance. The Unmodified Option has certain restrictions regard- ing 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 Part- ner 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 Part- ner or Eligible Child upon your death. This continuance 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 Quali- fied 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 number 2 below.

OR

2. Your spouse or registered domestic partner is considered an Eligible Spouse or Qualified Domestic Partner if: (a) you have been continuously married or registered as a Qualified Domestic Partner at least two years prior to the date of your death, (b) you are married to that spouse or registered to that Qualified Domestic Partner at the time of your death, **and** (c) 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 (100%) 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 retire- ment.

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 (50%) 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 pay- ment 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 ocers.org.

Cost-Of-Living Adjustment for payees

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 calen- dar 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 adjust- ment 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 adjust- ment 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 retire- ment.

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 bene- fit), you have the right to request a CEO determination. If you disagree with the CEO Determination, you have the right to request Administrative Review for a determination by the Board. Please review the Administrative Review and Hearing Policy, available online at: **ocers.org/sites/main/files/file-attachments/administrative_review_and_hearing_policy_0.pdf**. This Policy provides full details regarding the procedure you must follow and important deadlines you must meet.

The procedure to request review or appeal of a disability retirement determination is distinct from other benefit determinations. (See the section entitled, "Disability Retirement Hearing and Appeal Process," below, for more information.

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 return to work without reinstatement from retirement during an emergency to prevent stop- page of public business or because you have skills needed to perform work of limited duration.
You may not return to work until 180 days after your retirement date unless either: (a) You are returning to perform functions regularly performed by a public safety officer or firefighter; or (b) Your employer certifies that employment is necessary to fill a critically needed position, and your appointment is approved by the governing body of the employer in a public meeting.

However, if you received additional years of service as an early retirement incentive (ERI), you must wait 180 days without exception.

Also, you may be paid for no greater than 960 hours of work per year while still receiving your retirement allowance.

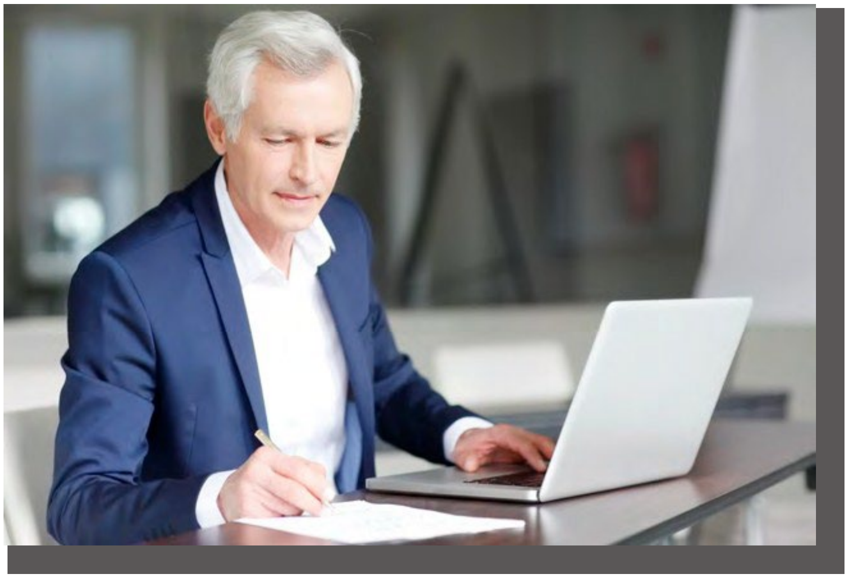
OR,

1. You may return to work if you file an application with the Board of Retirement to be reinstated as an active member, and the Board determines that you are physically capable of performing the job duties of the position you are seeking. It is your responsibility to provide evidence of your ability to perform the job duties of that position.

Your retirement allowance will be suspended during this second period of employment. Upon separation, a retirement benefit will be paid based on the years of service and benefit formula that was accrued during the second period of employment. In addition, payment will resume for the previously suspended retirement allowance with the value of the Cost-Of-Living Adjustments (COLAs).

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 retirement benefits would be in this situa- tion.

Please note: If you initially retired with a disability, you are not eligible to return to work under the circumstance outlined in number 2, above. Please contact OCERS’ Disability Section for information regarding a return to work at (714) 558-6200.



Disability retirement

If you become permanently incapacitated while a member of OCERS, you may be eligible for a Disability Retirement allowance. Contact OCERS' Disability Section at (714) 558-6200 for the neces- sary forms and for more information about Disability Retirement.

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 your permanent assignment within 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 retirement 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 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 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 members who have established reciprocity. 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 or members receiving monthly retirement or disability benefits from a reciprocal system or other public entity.

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.

Effective date

The effective date of a Service-Connected or NonsService Connected Disability Retirement is set by statute. Generally, the effective date is the later of either the date a member's Disability Retirement Application is filed or the day following the last day the member received regular compensation.

A member may request and be granted an effective date that is earlier than the date their application was filed if they prove that the application filing was delayed by either: (i) administrative oversight or (ii) an inability to ascertain the permanency of the member's incapacity until a time after the member last received regular compensation.

An effective date may also be delayed until the expiration of compensated leave time and workers' compensation disability pay. Members are advised to contact our Disability Section at (714) 558-6200 and obtain accurate information regarding the effect of workers' compensation or employer-sponsored leave benefits when applying for disability retirement. Important information is also contained in OCERS Administrative Procedure (OAP) regarding the Effective Date of Disability Retirement Allowance, which is found at: www.ocers.org/sites/main/files/file-attachments/effective_date_of_disability_retirement_allowance.pdf.

Disability Retirement Hearing and Appeal Process

The "Administrative Review and Hearing Policy" provides a detailed description of procedures governing the review and determination of disability retirement applications, requests for administrative hearing, and petitions to seek review by the Superior Court. The policy is accessible online at: **ocers.org/sites/main/files/file-attachments/administrative_review_and_hearing_policy_0.pdf**. You may contact our Disability section at (714) 558-6200 to request a print copy.

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 as your beneficiary. A trust may be designated as a beneficiary but cannot receive a continuing allowance. You may change your beneficiary at any time prior to retirement. To designate or change your beneficiary, you must complete and submit the "**Beneficiary Change Form**," which will supersede all previous designations. It is also your responsibility to notify Member Services of a life-changing event, such as a marriage, domestic partnership registration or death, including death of a designated beneficiary.

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

> **Your spouse, ex-spouse, registered domestic partner, ex-registered domestic partner and/or children may have legal rights that supersede the rights of anyother beneficiaries you designate.**

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: Your Eligible Spouse, Qualified Domestic Partner or Eligible Child must be named as your beneficiary in order to receive this one-time benefit. Otherwise, the benefit will be paid to any other person(s) named as your beneficiary, or if no beneficiary is named, to your estate. If your beneficiary is someone other than your Spouse or Qualified Domestic Partner, your Spouse or Qualified Domestic Partner may still be entitled to their community property share of the member accumulated contributions and interest.

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 quali- fied to receive a Service Retirement at the time of your death. (For qualification in- formation see "Service Retirement Eligibility," above.) 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 com- pleted years of service. The lump sum cannot exceed 50% of your Final Average Salary.

If you have <u>five or more years</u> 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 plus a lump sum equal to one twelfth of your Final Average Salary earned during the 12 months imme- diately preceding your death multiplied by the number of completed years of service. The lump sum cannot exceed 50% of your Final Average Salary,

or

2. Lifetime monthly allowance of 60 percent of the amount that you would have re- ceived if you had been granted a Nonservice-connected Disability Retirement allow- ance the day after your death (see the "Disability Retirement" section for eligibility requirements); or 60 percent of the amount that you would have received 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," above)

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 1, 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 com- pleted 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 Do- mestic 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 imme- diately 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 Quali- fied 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 com- pleted years of service. The lump sum cannot exceed 50% of your Final Average Salary.

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 Part- ner will receive 60 percent of your monthly allowance upon your death (for definitions of "Eligible Spouse" and "Qualified Domestic Partner," see above section, "Retirement Benefits," under heading, "The Unmodified Option").

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 as a Qualified Domestic Partner prior to the effective date of your service-connected dis- ability 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, you 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," above, 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 Retire- ment 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 desig- nated 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 re- ceived if you had been granted a Nonservice-connected Disability Retirement allow- ance 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 “ServiceRetirement Eligibility,” above.) For the Nonservice-connected Disability Retirement allow- ance, 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. OCERS pays a death benefit consisting of your accumulated contributions plus a lump sum equal to one twelfth of your Final Average Salary multiplied by the number of completed years of service. The lump sum portion cannot exceed 50% of your Final Average Salary. The death benefit paid by OCERS cannot exceed an amount, which when added to the death benefit payable by the reciprocal system, will equal the total of the accumulated contributions from both systems plus 50 percent of your Final Average Salary.

OR

3. 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 ear- liest 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 Re- tirement allowance the day after your death, provided the Eligible Surviving Spouse or Qualified Domestic Partner is listed as your beneficiary.

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, call Member Services at (714) 558-6200.


BENEFIT

Federal and state taxes on benefits

Retirement allowances (including disability retirement) are generally considered taxable income un- der 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 deducted from your paycheck before in- come taxes are determined, all benefits provided by these contributions are taxable when you receive them. There are two exceptions to this rule: see the section above, “How Your Service-connected Disability Retirement Allowance is Calculated,” and below, “Special Rule for After-Tax Member Contributions.”

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 Ser- vice 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 and the California Public Employees’ Pension Reform Act of 2013 (PEPRA), sections 7522 through 7522.74 of the California Government Code. All statements made in this SPD are subject to the provisions and terms of the ‘37 Act and PEPRA. If there is any difference between this SPD and either the ‘37 Act or PEPRA, the ‘37 Act and PEPRA 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 Annual Comprehensive Financial Report can be obtained by requesting them from OCERS at the following address: PO Box 1229, Santa Ana, California 92702; from our website: **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.

Active employers

City of San Juan Capistrano

County of Orange

Orange County Cemetery District

Orange County Children and Families Commission

Orange County Employees Retirement System Orange

County Fire Authority

Orange County In-Home Supportive Services Public 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

Inactive employers

Capistrano Beach Sanitary District City

of Rancho Santa Margarita Cypress

Recreation and Park District

Orange County Department of Education

Orange County Mosquito and Vector Control District

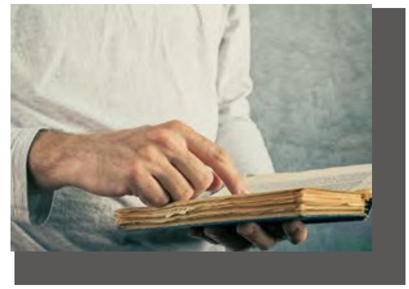
University of California, Irvine Medical Center University

of California, Irvine Campus

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	The 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, pen- sion, 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.

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: benefit formula, 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 your permanent assignment within 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, submitted proof of your disability and its causes, and the Retirement Systemhas evaluated your application.

Domestic Relations Order (DRO) is a court 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 in- clude a stepchild living or domiciled with the member at the time of the member's death for purpos- es 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 California 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 includes your base salary and may also include other pay items such as uniform allowance, shift differentials, bonuses, and bilingual pay. Other items of compensation may also apply. This is one of the factors used in calculating your monthly retirement allowance.

General Members are all members not in a Safety classification.

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

Legacy Member is an OCERS-covered employee who was an active member of OCERS prior to January 1, 2013; OR an individual who was a deferred member of OCERS prior to January 1, 2013, and who returns to the same employer; OR an individual who was a deferred member of a recipro- cal retirement system with service under that system prior to January 1, 2013 who became an active member of OCERS within six months of deferring membership in the reciprocal system.

Nonservice-connected Disability is an injury or disease that is permanently incapacitating (i.e., prevents you from substantially performing the usual duties of your job) and is not caused by your employment. 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.

Pensionable Compensation is applicable to PEPRA plans U and W. Pensionable compensation is your base pay and regularly recurring pay items for special skills or shifts. Pensionable compensa- tion is limited to 120% of the Social Security level adjusted by the Consumer Price Index for all Ur- ban Consumers annually on January 1st following the annual valuation. Pensionable compensation is one of the factors used in calculating your monthly retirement allowance.

PEPRA is the California Public Employees' Pension Reform Act, which took effect on January 1,

2013. PEPRA changes the way OCERS' retirement benefits are applied, and places compensation limits on certain members.

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 Benefits (Reciprocity) means the ability for your benefits to be coordinated if you transfer from one reciprocal retirement system to another in a manner that preserves or enhances your total retirementbenefit.

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).

Service-Connected Disability is an injury or disease that is permanently incapacitating, and employment substantially contributed to your incapacity. All contributory members are eligible to apply for service-connected disability benefits from OCERS if theymeet the necessary requirements.

Service Credit means your hours worked under membership with OCERS, converted to years 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 benefit formula, 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/ Qualified Domestic Partner 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 allow- ance available and a continuation benefit to your Eligible Spouse, Qualified Domestic Partner or Eligible Children upon your death.


OCERS
Retirement
Plan